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report of
THE INTERMINISTERIAL
TASK FORCE ON
FOREIGN OWNERSHIP
OF AGRICULTURAL
AND RECREATIONAL
LAND IN ONTARIO

to the
POLICY AND PRIORITIES BOARD
OF CABINET



June 1974

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I. Terms of Reference

The Inter-Ministerial Task Force on Foreign Ownership of Agricultural and Recreational Land was established by request of the Policy and Priorities Board at its meeting of February 26, 1974.

The Board requested:

1. That the inter-ministerial Task Force be set up to supervise the collection of data on non-resident ownership of land in Ontario, with specific reference to the following:
 - i) the total acreage of prime agricultural and recreational land held by non-resident individuals and public corporations;
 - ii) the total acreage of lands, by geographic area, owned by non-residents for land-intensive tourist operations;
 - iii) an estimation of the land holdings and the market value of land held by corporations holding licences in Mortmain or operating under extra-provincial licence.

In this connection, the Board also requested that officials of the Ministry of the Attorney General and the Minister of Consumer and Commercial Relations examine the possibility that existing laws dealing with land ownership, e.g., The Mortmain and Charitable Uses Act and The Conveyancing and

Law of Property Act, as amended, could be used for Government monitoring of corporate land holdings.

- iv) an examination of lands assessed as farm land to determine the extent of non-resident ownership;
 - v) the total acreage of land previously sold or presently leased to non-residents, by area, from the Crown Land base.
2. That the Task Force be co-ordinated by the Ministry of Treasury, Economics and Intergovernmental Affairs, and include representatives from the Resources Development Secretariat and Ministries of Natural Resources, Agriculture and Food, Revenue, Attorney General, Consumer and Commercial Relations.
 3. That the Task Force give further consideration to the kinds of studies that might be undertaken as a basis for future Government policy to regulate non-resident ownership of land.
 4. That the Task Force report back to the Board on the most appropriate approach for developing an ongoing mechanism for monitoring non-resident ownership of land and other real property.

II. Comparative Governmental Positions on the Control of Non-Resident Land Ownership

A. Policies and Legislation of Other Provinces and the Federal Government

1. General

With the exception of Prince Edward Island, which regulates the disposition of provincial land to non-Island residents, and Saskatchewan, which regulates the sale of agricultural land to non-residents, there is no provincial legislation restricting the sale of private land to aliens or non-residents. Most Provinces, however, regulate in one form or another and in varying degrees, the disposition of Crown lands through law or policy. In Ontario, Manitoba, Prince Edward Island, Alberta, and British Columbia, this regulation affects aliens or non-residents specifically. In Nova Scotia, the law requires the disclosure of the land holdings of all non-residents.

The federal Canadian Citizenship Act (Section 24), empowers aliens in Canada to acquire and dispose of personal and real property in the same manner as Canadian citizens. The federal Foreign Investment Review Act has empowered a review agency to examine acquisitions of Canadian businesses if these acquisitions are to be made by persons who are not Canadian citizens or who are not residents of Canada and those who are still landed immigrants after having been residents of Canada for more than six years. While the review process is not fully finalized, it is apparent that the acquisition of real property may be viewed as a Canadian business. In such cases, the nature of

the real property to be acquired will be a significant factor in determining whether, in fact, a Canadian business is being acquired. The guidelines to the Act indicate that the higher the value of the property the greater the likelihood that the review board will consider that its transfer may be associated with the acquisition of a business. Specifically, the review process will be operative when either the gross value or the consideration given, or to be given, in respect of the acquisition exceeds ten million dollars.

2. In Each Province and Territory

Newfoundland

Little reliable statistical data is available regarding the number of non-resident owners in the Province or the size of their holdings. However, these are likely to be small in comparison with other Provinces. At this time there is no specific provincial legislation limiting land ownership or use by aliens or non-residents. In 1971, legislation was passed providing that no grant, lease, licence or permit regarding Crown lands should be issued to a non-resident company or person, except for an industrial or commercial development approved by Order-in-Council. The legislation, however, has not been proclaimed and is therefore not in force.

Prince Edward Island

In 1972, legislation was enacted to amend the Real Property Act to provide for a 10 acre limitation on all land holdings of those persons not resident in the Province. At the present time, it is estimated that some 6.3 per cent of all available land and 11.5 per cent of the Province's total shore frontage rests in the hands of non-residents, and that before passage of this legislation, an additional 4,500 acres per year were being acquired. This legislation provides that non-resident persons or corporations wishing to purchase more than 10 acres of land or 5 chains of shore frontage must obtain the approval of the Lieutenant-Governor-in-Council. There are no formal criteria for evaluating petitions, and decisions are taken on the basis of the factors in each case and the local demand for land. If the petition is denied, the Provincial Government has normally chosen to purchase the land at the negotiated price except where speculation is involved. At present, the Government views this legislation as an interim regulatory device and is giving serious consideration to additional control measures, since there has been widespread criticism that there is still too much land being sold to non-Island residents.

A challenge to the above provincial legislation alleging that it conflicted with Section 24 of The Canadian Citizenship Act and is a law with respect to aliens, was dismissed by the Supreme Court of Prince Edward Island. This decision was made

on the grounds that the provincial law fell within provincial jurisdiction in relation to property and civil rights, and affected aliens only incidentally. This decision is now under appeal before the Supreme Court of Canada and is expected to be heard shortly.

Nova Scotia

The sale of private land to non-residents is not restricted. Legislation provides that the sale and leasing of Crown land has to be approved by the Lieutenant-Governor-in-Council. While there are presently no legal restrictions against non-resident land ownership, the government is now beginning to question the sale or leasing of Crown land to non-residents. Non-resident land ownership is not considered to be a critical problem as yet in Nova Scotia, since it is estimated that only 5.5 per cent of the total area of the Province and 7.5 per cent of the free-hold land is owned by non-residents, of which 36 per cent are Canadians living in other provinces.

Since 1969, the Land Holding Disclosure Act provides that every non-resident who owns or acquires a land-holding in Nova Scotia, as well as corporations owning or acquiring

provincial land and not incorporated in Nova Scotia or not carrying on business on such land, must file a disclosure statement regarding the land and its ownership. From discussions with senior provincial staff members in the Province, it is estimated that this Act has succeeded in identifying approximately two-thirds of the non-resident owned lands.

New Brunswick

No legislation exists concerning the foreign or non-resident ownership of land in the Province, although New Brunswick is monitoring the situation closely. At present, it is felt that about 3.1 per cent of the total acreage of New Brunswick is owned by non-resident individuals. In addition, 4.1 per cent of the land is owned by non-resident corporations, primarily U.S. pulp and paper operations.

Quebec

There is no legislation at present which affects the sale of private lands to aliens or non-residents. Although the sale of Crown lands is regulated, this does not operate so as to preclude the leasing of such lands to aliens or non-residents.

The Government is now giving serious thought to introducing legislation in the current session of the House to control non-residents' access to agricultural lands.

Manitoba

The Government view is that non-resident ownership of Manitoba land is not a significant problem. It is estimated that less than 1 per cent of the Province's acreage is owned by non-residents of Canada. For this reason, there are no legal restrictions regarding the purchase of private land by aliens or non-residents of the Province. However, the Manitoba government is reputed to be seriously considering an initiative similar to the new Ontario Land Transfer Tax to discourage future purchase of land by non-residents. The disposition of Crown lands, however, is limited to persons who are Canadian citizens ordinarily resident in Canada.

All sales of Crown land have been curtailed as a matter of policy. Ranch and farm grazing permits on Crown lands, as well as certain timber cutting rights, are restricted to persons who are Canadian citizens or who are resident in Canada, or to companies incorporated under the laws of Canada or of a Province thereof. The disposal of oil and natural gas rights by lease is also limited to companies incorporated or licenced and registered under the laws of Manitoba.

Saskatchewan

There is little data available to estimate the extent of non-resident land ownership in the Province, although it is estimated that 0.97 per cent of the agricultural land in Saskatchewan is owned by non-resident individuals. The

greatest concern of the Government is for agricultural land where there is a need to limit the proportion of non-Canadian ownership as a result of the price increases which this creates for Saskatchewan farmers.

There are presently no legal restrictions to the non-resident ownership of Crown lands in the Province. However, on May 10, 1974, an Act to Regulate the Ownership and Control of Agricultural Land in Saskatchewan was passed by the provincial legislature. This Act limits a non-resident individual from holding land with an assessed value in excess of \$15,000 outside any municipality or town.

Alberta

The extent of non-resident land ownership in Alberta has not been ascertained. Preliminary surveys indicate that 1.2 per cent of the agricultural land in the Province is owned by persons living outside of Canada. A committee of the legislature is presently examining the question, but it is not believed that there is a serious non-resident ownership problem so far.

There are no legal restrictions regarding transfers of privately owned land in Alberta. Recent legislation restricts the sale of Crown land to Canadian citizens or corporations where 75 per cent or more of the shareholders are Canadians. This legislation exempts small parcels of land which may be sold for commercial or industrial purposes to persons who are not Canadian citizens. Where sales are made for these purposes, they include

a sell-back agreement which requires the purchaser to convey the land back to the Crown when the land is no longer required for the purpose for which it was purchased.

British Columbia

British Columbia is experiencing a significant inflow of foreign investment for the purchase of land in the Province. No comprehensive statistics have been compiled to determine precisely the extent of non-resident ownership. However, because of population pressure from the adjoining American states on the available supply of recreational land, and increasing purchases of urban land by investors from abroad, it is expected that non-resident ownership is extensive and likely to increase in the years ahead unless appropriate steps are taken.

The B.C. Government has indicated that the Province is considering policy options with a view to appropriate legislation in keeping with the belief that legislation prohibiting Canadian residents in other Provinces from owning land in British Columbia is not desirable.

There are now no legislative restrictions regarding foreign or non-resident ownership of private lands. With respect to Crown lands, however, both statutory and policy controls are in effect. The law precludes the sale of Crown lands to aliens. Government policy confines the disposition

of Crown land required for commercial or industrial purposes, and of waterfront recreational land to a leasehold basis only, with leases restricted to Canadian citizens and landed immigrants. The result of this policy is that aliens cannot acquire Crown Land under any form of tenure. This might be argued as being contrary to the Canadian Citizenship Act, and therefore unconstitutional.

Yukon and Northwest Territories

Non-resident land ownership is not considered to be a serious problem in relation to the total area of the two territories. At present less than .5 per cent of the land in the Yukon and the Northwest Territories is believed to be owned by non-residents. Of primary concern is the extent of non-resident ownership of recreational lands which are at a premium in the Territories. Possible control over future acquisitions of such lands is one of the key elements of a comprehensive land policy review now being completed.

At this time, there are no legislative prohibitions regarding the sale or lease of territorial lands to non-residents. The Canada Mining Regulations (applicable in the Northwest Territories) and the Canada Oil and Gas Land Regulations (applicable in both Territories), however, do provide for a measure of Canadian citizenship and corporate Canadian content. There is also a limited form of territorial corporate control in that each Territory requires corporations doing business in the Territory

to be registered there. The territorial power to issue business licences could be used to regulate non-resident use of land, but there is no evidence that the power has been applied in this way.

SUMMARY OF THE POSITION OF PROVINCES AND TERRITORIES
ON FOREIGN OR NON-RESIDENT OWNERSHIP

Table 1

Province or Territory	Degree of Known Ownership	Legislative Control		Comments and other Policies
		Crown Land	Private Land	
Newfoundland	No hard data, but estimate is minimal holdings.	No	No	1971 legislation was passed to con- trol sale of Crown land but was never proclaimed.
Prince Edward Island	6.3 per cent of land area 11.5 per cent of shoreline.	Yes	Yes	<u>Real Property Act</u> , passed in 1972, regulates sale of all land. Government considering additional measures for further control now. This legislation being contested before the Supreme Court of Canada.
Nova Scotia	5.5 per cent of land area 7.5 per cent of freehold land.	No	No	Government now beginning to res- trict sale or lease of Crown lands. Since 1969, Government requires disclosure of holdings.
New Brunswick	7.2 per cent of land area.	No	No	
Quebec	No data.	No	No	Government considering legislating to control purchase of agricultural land by non-residents.
Manitoba	Less than 1 per cent of land area.	Yes	No	
Saskatchewan	Less than 1 per cent of land area.	No	Yes	Legislation passed May 10, 1974. Restricts ownership of agricultural lands by non-residents.

SUMMARY OF THE POSITION OF PROVINCES AND TERRITORIES
ON FOREIGN OR NON-RESIDENT OWNERSHIP

Table 1 cont'd.

Province or Territory	Degree of Known Ownership	Legislative Control		Comments and other Policies
		Crown Land	Private Land	
Alberta	1.2 per cent of agricul- tural land.	Yes	No	A committee of the Legislature is now examining this issue.
British Columbia	No hard data, but viewed as a significant problem.	Yes	No	Government considering introduction of legislation in the near future.
Yukon and Northwest Territories	Less than .5 per cent of the land area.	No	No	Concern over high level of ownership of recreational lands. This aspect part of present comprehensive land policy review.

B. International Legislation to Control
Non-Resident Ownership

In considering the direction of future policy pertaining to non-resident ownership of land in the Province, the Task Force felt that it was noteworthy that most western countries do possess legislation restricting, in some form, the ownership of land by foreigners. Much of this legislation restricts ownership on the basis of residency rather than citizenship.

New Zealand restricts the acquisition of any recreational lands, any farmland of 5 acres or more, and certain islands to those persons ordinarily resident. This legislation applies to all those who on any date have resided in the country for 2½ to 3 years immediately prior to that date. Both Denmark (with some exceptions for member states of the E.E.C.) and Switzerland have determined residency to be 5 years uninterrupted domicile, before which special permission is required to purchase land. Denmark further stipulates that, in general, to acquire agricultural land an individual must take up permanent residence on the property within 6 months of the purchase.

Mexico possesses stringent land ownership regulations. Aliens may not own land within a zone of 100 kilometers from the borders and 50 kilometers from the seacoasts. Outside this prohibited zone land may be acquired by foreigners after obtaining permits from two government ministries. Such permits are generally available only to those residing more or less permanently in the country and having the status of immigrant.

The above-mentioned countries also indicated that acquisition might be denied if certain conditions beneficial to the national public interest were not fulfilled. Denmark specifically states that permission may generally not be granted if it is considered that the acquisition is aimed mainly at capital investment. In Switzerland, a federal state, initial applications for a permit are made to the cantonal (provincial) authority and, with a few exceptions requiring federal authority, are granted or refused by the canton.

On the international scene, the ownership question is generally viewed as being a problem that is related to land use rather than land ownership. Of primary concern is whether the land has been purchased for investment alone and is thus out of production and idle (therefore not being utilized for its highest and best use), or conversely, whether it is being maintained and developed.

Legislation in the United States

The Task Force felt that perhaps more germane to the international context is the position of the United States on this issue, since ownership of agricultural and recreational land in Ontario by non-residents is virtually equivalent to American ownership. The U.S. has no national policy on foreign ownership of land, but many of the state legislatures have passed regulations restricting ownership in one form or another. Again, the emphasis of existing restrictions has been on residency rather than citizenship. In several instances, North Carolina for example, states restrict acquisition of land selectively to those countries which impose restrictions on them. In New York there is a reciprocity requirement for alien

corporations, and Alaska limits exploration and mining rights to aliens from countries where like privileges are available to U.S. citizens. It is not certain how such measures would affect the actions undertaken by a province on an individual basis. From a constitutional point of view, both Illinois and Kansas felt that state regulations concerning land tenure would be ultra vires. In Indiana other laws concerning aliens have been taken to the Supreme Court, thus putting in some doubt the constitutionality of all laws pertaining to aliens.

In summary, the legislation now in existence in the United States is neither pervasive nor excessively restrictive. This is especially true in those states where Canadians are most likely to purchase recreational property, for example California and Florida, which possess no such regulations. Consequently, the adoption of a restrictive land ownership policy in Ontario may well be viewed as a severe obstacle to amicable Canadian - U.S. relations.

The Task Force is of the opinion that, prior to the consideration of any restrictive controls on non-resident ownership, the following points should be noted:

- . there is a growing sentiment by Canadians generally that we must be ensured of first and reasonable access to our own resources, both presently and for future generations*.

* A Gallup poll conducted on March 2, 1974, found that 52 per cent of Canadians favoured legislation which would significantly restrict and control foreign investment in Canada. Fifty-five per cent of Ontarians polled, the largest percentage in any region of the country, favoured such restrictions.

- . simultaneously, there is an increasing number of non-residents investing in Canadian land;
- . other Canadian provinces are also giving serious consideration to the question of foreign ownership and to the kinds of regulations which might be imposed; here again, many provinces feel that there is a real need for improved land use controls as opposed to specific foreign ownership controls.

In summary, the question of non-resident ownership of land has been dealt with by most countries in the western world and is becoming a priority issue in most Canadian provinces.

C. The Present Ontario Government Position on the Control of Non-Resident Land Ownership

The Task Force found that no comprehensive assessment of the extent and nature of non-resident ownership of land in Ontario had previously been completed. However, the Select Committee on Economic and Cultural Nationalism has recently identified this issue as a significant problem in its interim report entitled Foreign Ownership of Ontario Real Estate. Its general view was that one of the most pressing problems was the availability of recreational land which is becoming more limited and expensive as a result of non-resident purchases. In the long-run, however, it was felt that the primary issue may be the control of industrial-commercial land being acquired by non-resident interests. The extent of non-resident purchase of agricultural land has not been on the same scale; nevertheless, there was growing concern over non-resident purchase of such land for investment purposes.

At present there are no legislative restrictions regarding the sales of private land to non-residents of the Province.

However, under the new Land Transfer Tax Act a 20 per cent transfer tax is now levied on purchases of land by non-residents, individuals or corporations. In addition, the recently proclaimed Speculation Tax Act levies a 50 per cent capital gains tax on any person selling a recreational property to any non-resident, even if this property is his primary recreational property and therefore not normally subject to this tax. With respect to Crown lands, cottage lots on these cannot be leased to persons who are not Canadian citizens or landed immigrants for a period of one year after the lots have been registered and made available to Canadian citizens. No such lots can be sold.

While the Province has taken preliminary steps to deter the purchase of land in Ontario by non-residents, the Government has suggested, in its 1974 Budget, that more restrictive land policies may be necessary. In reviewing the need for such measures, the Government has, as a basis for possible policy, the recommendations contained in the recent report of the Select Committee. The Committee recommended that:

- . all future transfers to individuals of legal interests in real property in Ontario be restricted to Canadian citizens and landed immigrants resident in Canada, with others only being allowed to lease such property for a maximum period of one year;
- . municipalities be empowered to levy a surcharge of up to 50 per cent of the real property tax otherwise applicable in respect of land owners not ordinarily resident in Canada;
- . all future acquisitions of land in Ontario other than by individuals be restricted to corporations or ventures not less than 75 per cent owned by Canadian citizens or landed immigrants resident in Canada;
- . other corporations or ventures be entitled to obtain leasehold interests only; and
- . Crown lands be only patented to Canadian citizens or landed immigrants.

This report is now being examined by the Government.

As a background against which any restrictive land ownership policy might be judged, it should be noted that there are provincial statutes presently in use which apply restrictions to aliens and non-residents. Many require that the majority of boards of directors be Canadian citizens or British subjects. The Business Corporations Act, 1972, requires that they be Canadian citizens ordinarily resident in Canada. The Law Society Act, 1970, stipulates that members be British subjects. Further, many of the statutes, including The Loan and Trust Corporations Act, 1970, and The Securities Act, 1970, require that either the aggregate ownership or control by non-residents may not exceed 20 per cent of the capital stock, or of the outstanding shares of a corporation and that individual non-residents may not own more than 10 per cent of either the capital stock or shares of a corporation.

III. The Constitutional Question

It appears that there is a variety of legal opinion with respect to the interpretation of each of the federal and provincial jurisdiction in the area of foreign and non-resident land ownership.

Relevant provincial powers come under:

- . Sections 92(5) of the BNA Act - "management and sale of public land";
- . 92(13) - "property and civil rights in the province";
- . 92(16) - "matters of a merely local or private nature"; and from,
- . Section 95 - regarding the concurrent power over immigration into the province.

Relevant federal powers are derived from:

- . Sections 19(1A) of the BNA Act - "public debt and property";
- . 91(2) - "regulation of trade and commerce";
- . 91(25) - "naturalization and aliens";
- . 19 - "immigration"; and
- . in the circumstances where it would be applicable, from Parliament's general power to make laws for the "peace, order and good government of Canada", under Section 91.

It should also be noted that some federal interest also arises with respect to Canada's international relations and legal obligations.

In considering the limitations on the acquisition of interests in land by aliens, when a control measure is directed exclusively toward them, there is no jurisprudence which would permit a clear interpretation of the constitutional provisions involved.

Section 24 of The Canadian Citizenship Act now provides that aliens have the capacity to own land or interests in land throughout Canada in the same manner as Canadian citizens. This Act was passed to remove certain common law disabilities which were attached to aliens regarding property rights. The removal of this section from the Act could create adverse consequences for the general legal position of aliens. *It should be noted that the Provincial Government has previously extended to every alien the same rights to hold, possess, convey or sell real estate in Ontario as a national citizen might have. These rights are set out in The Aliens Real Property Act and would, therefore, have to be rescinded should the Province wish to restrict the purchase of land by aliens.* Several provinces, including Ontario, have expressed their concern regarding the impediments the provision placed on the rights of the provinces to legislate, particularly under Section 92(13) of the BNA Act.

In view of both provincial and federal claims to jurisdiction to legislate on matters affecting aliens, it is not known how the courts would deal with the apparent legislative conflict in this area. In this respect, the suggestion has been advanced that Section 24 might be amended to accommodate the concerns of both the federal and provincial governments in the exercise of their respective recognized jurisdictions.

Although none of the decided cases regarding Parliament's exclusive power over aliens are conclusive, some courts have indicated that its power extends to certain alien rights, privileges and disabilities. It is noted that while aliens are subject to provincial legislation of general application, it could be argued that laws specifically restricting aliens from holding land on the grounds of their being aliens might not meet this test of application. The recent decision of the Supreme Court of Prince Edward Island upholding a provincial statute restricting land ownership in the Province on the grounds that it affected aliens only incidentally, would seem to support this view.

The extensive legislative powers of provincial authority to regulate land ownership under Sections 19(13) and 92(16) might not, of themselves, validate legislation intended specifically for aliens. However, it is possible that certain provincial laws treating aliens differently from other persons might be upheld if they could be seen as rationally related to some legitimate provincial objective (such as the disposition of interests in provincial Crown lands).

At the most recent Conference of First Ministers in May, 1973, some jurisdictions, including the federal government and Ontario, contended that every Canadian citizen has a fundamental right to own property anywhere in Canada, provided he complies with the laws of general application in each province. According to this interpretation, a provincial law singling out non-residents of the province for different treatment might not be considered a law of general application and

therefore an invalid abridgement of this fundamental right. It has also been suggested that, in some circumstances, such a law might also constitute a regulation of inter-provincial trade and commerce and affect the activities of Canadian businesses whose transactions are inter-provincial and involve interests in land. Other jurisdictions (Prince Edward Island, Saskatchewan and Manitoba), insist that legislatures have the competence to enact laws respecting property rights even if the laws affect land ownership by Canadian residents outside the province.

Only one judicial decision, that rendered by the Supreme Court of Prince Edward, deals directly with the constitutional issues related to provincial control of land ownership by aliens and non-residents. In 1973, the Court, in an action instituted by two American citizens, upheld a provincial statute subjecting to government approval the sale of land in the Province to all non-Island residents. The Court held that the statute fell within the provincial power over property and civil rights in the Province and affected aliens only incidentally, since its criteria applied to all non-residents of the Province irrespective of nationality. This decision is being appealed to the Supreme Court of Canada. The Attorneys General of all other provinces and the Attorney General of Canada have obtained leave to intervene in the argument of this appeal before the Supreme Court.

IV. Non-Resident Investment in Land in Ontario

A. Factors Attracting Non-Resident Investment

The Task Force has identified five basic factors which have been associated, over the last 10 years, with non-resident investment in land of all types in the Province, one of which seems to be directly contributing to the purchase of agricultural and recreational land; furthermore, it is felt that these same factors will continue to dominate the future rate of such capital flows.

Uncertain International Economic Conditions

The primary factor would appear to be the general uncertainty of world economic conditions. The growing belief among individual and corporate investors has been that world-wide inflation will continue to spiral for the foreseeable future. This has led many to transfer their funds from relatively fixed rate of return financial assets such as mortgages, government bonds, and commercial paper to investments which are more responsive to fluctuating market conditions. Consequently, investors generally have been favouring the purchase of traditionally stable commodities such as gold, silver, copper and real property, particularly land.

Inflation and Currency Revaluations

As well as effecting a transfer of "kind", the general rate of inflation has acted to bring about a geographic redistribution of capital particularly as investors have responded to the revaluation of certain

currencies. It is apparent that many investors in countries such as Japan, Britain and Germany, whose currencies have been upwardly revalued in terms of the Canadian dollar in the order of 20 to 40 per cent, have channelled a considerable amount of investment funds into Ontario's land market. At this point, it is worth noting why Ontario has proven to be such an attractive focus for this investment. The Task Force isolated four important and inter-related determinants which serve to guarantee such non-residents a high rate of return from their investment in land:

- a) the Province's exceptional rate of population growth;
- b) the steady increase in personal incomes;
- c) the high level of employment; and
- d) the growth in provincial output.

These factors have combined to ensure investors a long-term high level of demand for land for housing, recreational, agricultural and commercial purposes. In many cases, the rate of expansion and economic growth in Ontario has been higher than that of the investor's own country. This can be seen from the following:

- . Population Growth - Between 1963 and 1973 Ontario's population increased by 1.4 million, or 21.5 per cent. This, compared to an increase of 16.9 per cent for Canada as a whole, 11.0 per cent for the United States, 5.9 per cent for the United Kingdom, 7.2 per cent for West Germany and 11.8 per cent for Japan.
- . Personal Incomes - From 1963 to 1971 per capita income has increased from \$2,156 to \$3,972 or 84.2 per cent. For Canada, the comparable figure in 1971 was somewhat lower at \$3,769, while for the United Kingdom it was \$2,218, West Germany \$2,851 and Japan \$1,900. Of the

countries heavily investing in Ontario, only the United States had a higher per capita income in 1971, at \$4,573. Even with the adverse effects of sharply rising prices, personal income in Ontario has not only remained high but the real disposable income of an Ontario resident has continued to climb. In 1973 real disposable income for such an individual rose by 5.9 per cent, nearly twice the annual average increase of 3.3 per cent experienced during the 1960's.

- . Employment - Employment, excluding agriculture in Ontario, has risen at an appreciably fast rate compared to many foreign jurisdictions. The most current data shows that between 1963 and 1970, the number of people employed in Ontario increased by 29 per cent. This compares favourably with the United States at 19 per cent, West Germany at 5 per cent and Japan at 24 per cent, while the United Kingdom made no significant increase.
- . Provincial Output - Ontario's Gross Provincial Product compared favourably with the comparable national measure of productivity, Gross National Product, of the United States, the United Kingdom, West Germany and Japan. Again, using the most recent data available, Ontario's GPP increased by 173.2 per cent from 1963 to 1971. A comparable figure for Canada is 115.7 per cent, for the United States 75.3 per cent, the United Kingdom 59.6 per cent, West Germany 127.5 per cent, and Japan 235.7 per cent.

U.S. Demand for Recreational Land

The third major factor attracting non-resident investment in land identified by the Task Force is the added interest of residents of the United States in recreational property in Ontario. Americans not only face a high rate of inflation but also must contend with greater competition for their land resources than residents of Ontario due to their higher population density. For example, while there are 154 persons per square mile in southern Ontario, there are only 22 persons per square mile on a provincial average. However, the population density is considerably higher in such adjoining states as New York, with 384 persons per square mile, Ohio with 263 persons

and Michigan with 158. In fact, it is evident from the data collected by the Task Force that much of the demand for agricultural and recreational land in Ontario is focused on northern Ontario where the population density is estimated to be 67.4 per people per square mile (organized territories only). Primarily because of the high level of urbanization in these states and the difficulty of obtaining recreational land in these areas, many residents of such states are viewing Ontario as a new found haven for satisfying their "need to recreate". Given the fact that the number of cars per capita has increased by between 30 and 40 per cent in the last decade, it is not surprising that the U.S. Auto Exit Survey conducted regularly since 1969 shows an average annual increase of 22.7 per cent in the number of trips by U.S. residents travelling to cottage properties in Ontario. These non-residents see Ontario as a vista of wide open spaces, sparkling lakes and rivers where recreational land, both waterfrontage and wilderness, is still available at surprisingly low prices.

Ontario's Limited Control on Non-Resident Land Ownership

The fourth significant factor appears to be the relatively limited control on foreign ownership of land in Ontario, although non-resident investors as well as residents must comply with land use controls of various kinds and other regulations of general application. Unlike many jurisdictions abroad, which have stringent regulations applying to the purchase of land by non-residents, Ontario has only limited controls.

It would appear that even the new 20 per cent Land Transfer Tax to be paid by non-residents purchasing property in Ontario may not be a significant disincentive for potential non-resident purchasers. To examine the impact of this tax, the Task Force obtained the services of the accounting firm of Price Waterhouse and Company, which was instructed to compare the annual carrying costs of a resident and non-resident American owning a recreational property before and after the tax was imposed. This comparison is summarized in Figure 1 and outlined in detail in Appendix B.

While it is significant that a U.S. resident must now pay 33 per cent more on an average annual basis to carry his property than a Canadian resident would, and, further, that his own costs are now 71 per cent higher than they would have been before April 9, 1974; the Task Force is of the opinion that many of the non-residents intending to purchase recreational property in Ontario will not be dissuaded by having to pay the additional \$959 per year caused by the tax. Given the availability and cost of comparable properties in alternative U.S. recreational areas, and the fact that Ontario's recreational properties are appreciating at a considerable rate, the Task Force expects the majority of would be U.S. purchasers to continue to be interested in acquiring Ontario recreational land.

In addition to the Land Transfer Tax, the Province has enacted the Land Speculation Tax which imposes a 50 per cent capital gains tax on the increased value of a recreational property, if the property is being sold to a non-resident. As the Act is now set out, a property owner may be exempted from this tax

FIGURE I

	<u>Ontario Resident</u>	<u>U.S. Resident</u>	
		<u>Before Apr. 9/74</u>	<u>After Apr. 9/74</u>
Income of Purchaser	\$18,000	\$18,000	\$18,000
Cost of Property	\$30,000	\$30,000	\$30,000
- Land Transfer Tax			6,000
	<hr/>	<hr/>	<hr/>
	\$30,000	\$30,000	\$36,000
Assumed Annual Carrying Costs ¹			
- Annual loan interest	\$1,382	\$1,382	\$1,382
- Property taxes	350	350	350
	<hr/>	<hr/>	<hr/>
	\$1,732	\$1,732	\$1,732
Less U.S. income tax savings ²		381	381
	<hr/>	<hr/>	<hr/>
TOTAL	\$1,732	\$1,351	\$1,357
Plus average annual interest on loan accrued to pay Land Transfer Tax			\$460
Less U.S. income tax savings ²			\$101
			<hr/>
Plus amortization of cost of Land Transfer Tax over 10 months			\$359
			600
			<hr/>
			\$959
	<hr/>	<hr/>	<hr/>
TOTAL AFTER TAX COST	\$1,732	\$1,351	\$2,310
	<hr/>	<hr/>	<hr/>
CARRYING COST EXPRESSED AS A PER CENT OF ONTARIO RESIDENTS		78.0	133.4

¹For assumptions and methodology used in these calculations refer to Appendix B.

²U.S. residents may deduct from their taxable income the cost of any interest payments or property taxes they pay.

if he sells up to 20 acres of land if this land is used as his primary recreational property. However, no such exemption is permitted if this property is sold to a non-resident.

The Task Force expects that this tax will serve as a significant deterrent for those non-residents wishing to purchase cottages in areas where there is a strong demand for such properties by residents. It is expected that, in order to realize a maximum level of profit from the sale of such cottages, the typical vendor will make every effort to sell to a Canadian or increase the price considerably to account for the capital gains tax if he should sell to a non-resident. However, in those areas where the demand for cottages is almost exclusively from non-residents, as it appears to be in certain parts of Ontario, the cottage owner may be forced to absorb the new tax.

As the Speculation Tax is now defined, however, many non-residents may still be able to purchase properties in Ontario on approximately the same basis as residents. If the property cannot be claimed to be the vendor's primary recreational property, or if the property is more than 20 acres in size, the difference in a vendor's after tax returns from selling to a resident or non-resident may be considerably reduced or eliminated. Because of these limitations, the Task Force feels that in many recreational areas of the Province, primarily underdeveloped areas, this tax will only have a limited impact on the number of non-residents purchasing properties.

While there are additional controls, as previously outlined, on non-residents in such statutes as The Business Corporation Act, Loan and Trust Act, Mortgage Brokers Amendment Act and The Securities Act, these are really only indirectly related to the ownership of land by non-residents.

Uncertainty over other Canadian Legislation

Finally, the uncertainty over the application of The Foreign Investment Review Act, combined with the general Canadian tradition of non-retroactive introduction of restriction, and the introduction of restrictive legislation in Prince Edward Island and Saskatchewan, has accelerated foreign acquisitions of land in Canada and, to a certain extent, focused this investment on Ontario.

B. The Level of Non-Resident Investment

While it is difficult to accurately specify the present level of foreign investment in recreational or agricultural land in Ontario, the Task Force was able to collect some relevant data on the level of investment in land generally in Ontario. An effort was made to determine the amount of non-resident investment coming into Ontario through foreign controlled development corporations, through investment in Canadian-owned realty corporations, in the form of land held directly by non-residents and in the form of mortgages on provincial real estate.

As shown in Table 2, the major non-resident-controlled development corporations operating in Ontario have total assets valued, after depreciation, at over \$1 billion. The land and real estate these corporations are holding for future development purposes have a book value of more than \$100 million. While many of these total assets and land holdings are located in other parts of Canada, the book value of such assets located in Ontario is estimated to be in excess of \$400 million and \$40 million respectively, with a market value of more than triple this amount.

Many of these foreign-controlled corporations were also found to be expanding rapidly. For example, in 1972, Bovis Corporation Limited, a highly sophisticated British development company with total assets of close to \$60 million, successfully acquired controlling interests of Consolidated Building Corporation, with total assets of \$37 million, through the purchase of 25 per cent of their shares.

VALUE OF TOTAL ASSETS AND PROPERTY INVENTORY (AFTER DEPRECIATION) OF MAJOR NON-RESIDENT-CONTROLLED
PUBLIC DEVELOPMENT COMPANIES IN ONTARIO (AFTER DEPRECIATION), FISCAL
YEAR 1972* IN \$ THOUSAND

Table 2

Development Companies	Revenue Producing Properties**	Real Estate Under Development**	Real Estate Held for Future Development** and Sale	Mortgages and other Investments	Total Assets
Alliance Building Corporation (British)	\$11,410	\$ 4,070	\$10,441	\$ 6,695	\$ 34,712
Bovis Corporation (British)	1,078	30,347	6,352	2,622	57,265
Bramalea Consolidated (British)	37,742	14,958	25,413	26,101	119,657
Consolidated Building Corporation (British)	9,684	5,742	9,220	4,767	37,411
Costain, Richard (Canada) Limited (British)		7,980	10,617	12,674	34,171
Revenue Properties Limited (U.S.)	31,681	5,036	22,091	4,652	83,554
Trizec Corporation Limited (British)	455,728	84,431	7,311	1,059	590,512
Victoria Wood Development Corporation Limited*** (U.S.)	539	13,947	6,158	1,143	32,362
Y and R Properties (Bahamas)	44,238	18,651	6,556	3,258	67,558
TOTALS	\$592,100	\$185,162	\$104,159	\$62,971	\$1,057,202

Source: Ontario Securities Commission files, March 1974

* Many foreign controlled private development corporations are also operating in Ontario (e.g. Wimpey, Homeco Investments Limited, Monarch Construction Limited).

** These properties and land are listed at their book value, not market value.

*** Only 1971 data available.

Another prime example is Trizec Corporation Limited, whose total corporate assets have swelled from \$164 million in 1961 to \$480 million in 1971 and to \$590 million in 1972. This represents a 260 per cent increase in 11 years, or a 12.3 per cent annual growth rate. This is considerably higher than the 11.4 per cent annual growth rate for total private and public investment in Ontario in the past decade which grew from \$3.3 billion in 1963 to \$9.7 billion in 1973 and the average annual 17.3 per cent growth in GNP from 1963 to 1973.

Another focus for non-resident capital examined by the Task Force was investment in Canadian controlled realty corporations. Although no data is available to 1973, it was possible to determine through information compiled by Statistics Canada, that between 1967 and 1970, total non-resident investment in such companies increased from \$602 million to \$873 million, or by 45 per cent. Furthermore, it was established that in 1970 over 56 per cent of this capital, or \$493 million, was from U.S. investors. Due to the structure of this data, it was not possible to estimate the percentage of this investment channelled into the Ontario land market. However, over 75 per cent of these funds were used for debt rather than equity participation in these enterprises. This would also substantiate that the bulk of such investment originates in the U.S., since European interests are generally more attracted to equity investment in downtown commercial and non-urban tracts, while American funds tend to be channelled more into mortgages.

Non-residents also hold land directly for their own personal use (e.g. recreational property), or for investment purposes. The most recently available statistics show that between 1967 and 1970, more than \$120 million was invested in real estate in Canada by all non-residents, \$50 million, or 42 per cent of which originated in the United States and \$40 million, or 33 per cent, from all other countries. By 1970, the estimated equity in Canadian real estate held directly by non-residents had reached \$350 million. Although no data is available as yet for the period from 1971 to 1973, the Task Force believes that the dominance of the U.S. position has been reduced, as European and Asian investors have recently found investment in Canadian real estate significantly more attractive. The Task Force has conservatively estimated the amount of investment that was directed specifically to the purchase of land in Ontario at \$50-100 million by 1970.

The final form in which significant non-resident capital enters Ontario for the purchase of land was examined by the Task Force through mortgage financing of Canadian real estate. By 1970, this accounted for some \$905 million, of which \$890 million, or 98.3 per cent, was U.S. funds. This represents an increase of 36 per cent over 1967. It should be pointed out that these figures exclude the holdings of U.S. insurance companies which hold mortgages on Canadian real estate as part of their Canadian operations. In 1970, these companies were estimated to hold mortgages valued in excess of \$1.1 billion. Of this total of \$2 billion, the Task Force has estimated that approximately \$200-250 million is for mortgages on land in Ontario.

V. Non-Resident Ownership of Recreational
Land in Ontario

Rising incomes in Canada, increased paid vacations and holidays, improvements in public and private transportation and greater leisure time are all significant factors which have contributed to the steadily rising demand for recreational facilities and recreational land. Increasing demand for recreational opportunities is particularly evident in those provinces, such as Ontario, with comparatively high per capita incomes. Studies have revealed that these provinces are more active recreationally than provinces with lower per capita incomes.*

Much of the increasing demand for recreational opportunities is manifested in cottaging, a land-intensive activity which focuses specifically on prime recreational land, especially shoreline. Cottaging is a popular activity in Ontario: *A study conducted in 1968 for the Ministry of Industry and Tourism estimated that 45 per cent of Ontarians either owned a cottage or had access to a cottage owned by relatives or friends. Ontario Hydro reports an average annual increase for the last 10 years of 3.5 per cent in the number of newly built cottages it services.*

The Task Force has attempted to ascertain the overall extent of ownership of cottage properties in Ontario by non-residents of Canada. It has also investigated the distribution of non-resident ownership on a county and district basis.

* Canadian Participation in Outdoor Recreation, 1967, 1968, 1969.
Toronto, 1970.

A. Overall Non-Resident Cottage Ownership
in Ontario

In the estimation of the Task Force, the overall average percentage ownership of cottage properties by non-residents has ranged in the last 10 years from 10 to 13 per cent of all cottage properties in the Province.

It is difficult to arrive at a more precise estimate of non-resident cottage ownership as no comprehensive data file has yet been developed in this area. The estimation by the Task Force of 10 to 13 per cent for non-resident owners was derived from the following studies:

1. A study entitled "Parameters of Recreational Travel in Ontario", conducted for the Department of Highways in 1964, calculated that the overall percentage of non-resident cottage owners in Ontario at that time was 12 per cent.
2. A study entitled "Analysis of Ontario Cottage Survey", conducted by the Department of Tourism and Information in 1968, estimated the overall percentage of non-resident cottage owners at 14.4 per cent, but the reliability of this figure is only 92 per cent.
3. The Task Force's own study of the percentage of non-resident cottage owners, based on 1973 data derived from Ontario Hydro's billing records, suggested that 9 per cent of Ontario's cottages are owned by non-residents*.

* Ontario Hydro services approximately 80 to 85 per cent of all cottages in the Province. These dwellings are charged at a reduced intermittent occupancy rate, denoting cottages and seasonal residences. Nine per cent of these users in 1973 had billing addresses outside of Canada.

All estimations derived from Hydro data should be considered minimal figures, since certain non-resident cottage owners may have chosen to have their utility bills paid by someone domiciled in Ontario, or a disproportionately high percentage may occupy cottage units as yet unserved by Hydro.

B. Concentrations of Non-Resident Cottage Owners

More detailed studies conducted by the Ministry of Natural Resources and brought to the attention of the Task Force, demonstrate that *there are significant concentrations of non-resident cottage owners in northwestern Ontario*. The concentration of non-resident ownership appears below in Table 3.

PERCENTAGE OF NON-RESIDENT COTTAGE OWNERS
IN SELECTED AREAS OF NORTHWESTERN ONTARIO

Table 3

District		Date	Percentage of Non-Resident Owners of Cottages
	<u>Administrative Region*</u>		
Rainy River	Fort Frances	1973	66.3
	Atikokan	1973	55.2
Kenora	Kenora	1973	27.0
	Dryden	1973	49.1
	Ignace	1973	87.4
	Red Lake	1973	91.4
	Sioux Lookout	1973	63.3
Thunder Bay	Thunder Bay	1973	7.5
	Nipigon	1973	7.8
	Geraldton	1973	28.8
	Terrace Bay	1973	15.6
	<u>Selected Areas</u>		
Algoma	MacGregor Bay	1970	80.0
Parry Sound	Pointe au Barril	1970	33.0
Nipissing	Lake Temagami	1973	40.3
Nipissing	Lake Nipissing	1970	47.0
Sudbury	Panache Lake	1970	10.0

Sources:

1. The North Georgian Bay Recreational Reserve Plan
2. The Lake Temagami Plan
3. The Ministry of Natural Resources Strategic Land Use Plan, Northwestern Ontario Planning Region.

* Administrative Regions of the Ministry of Natural Resources

C. General Trends

The Task Force has determined that, between 1969 and 1973, the number of non-residents purchasing cottages in Ontario has increased significantly in both absolute and relative terms. Over the four year period, the annual average compounded rate of increase of Americans owning cottages in Ontario was 22.7 per cent. In the same period, visits by Americans to their cottages doubled as a percentage of all visits by Americans to Ontario.

These estimates have been derived from the results of the U.S. Auto Exit Surveys conducted since 1969 under the direction of the Ministry of Industry and Tourism. During the summer months in 1969, 1971 and 1973, all parties travelling in vehicles with American licence plates and leaving Ontario at U.S. border points were questioned as to the type of accommodation used for their overnight stays while in Ontario. From this, it was learned that party visits by Americans which involved an overnight stay at cottages owned by the party in question were 64,000 in 1969, 91,200 in 1971 and 145,000 in 1973. This represents an increase of 127 per cent in the number of visits by Americans to their cottages in Ontario, over the four year period.

Because the studies indicated that the frequency of visits made by Americans to their cottages remained the same in each survey year, the increase in party visits generally reflects an accelerated increase in the number of American-owned cottage properties in Ontario. Between 1969 and 1971, the percentage increase in the number of Americans

visiting cottages they owned was 42.5 per cent, and between 1971 and 1973, the rate of increase was 58.9 per cent.

It is important to note that the number of Americans visiting cottages which they own has also increased in relation to all visits by Americans to Ontario. In 1969, visits to cottages owned by American parties comprised 6 per cent of all overnight party visits by Americans to Ontario; in 1971, this figure was 6.8 per cent; in 1973, it doubled to 12 per cent of all overnight party visits. Therefore, *in both absolute and relative terms, there has been a significant increase in the number of cottages in Ontario owned by Americans in the last four years.*

D. Origin of Non-Resident Cottage Owners in Ontario

As might be expected, *almost all (99.7 per cent) non-resident owners of cottages in Ontario are from the United States.** Eighty-four per cent originate from five states:

State	Non-Resident Cottage Owners as a % of <u>All Cottage Owners</u>
Michigan	32
New York	28
Ohio	14
Pennsylvania	6
Florida	<u>4</u>
	<u>84</u>

(Those cottage owners now resident in Florida are generally thought to be former Canadian residents who have retained ownership of their cottage properties in Ontario.)

* This analysis was derived from Ontario Hydro data. Figures should be considered minimal estimates.

Those counties with higher than the overall average (9 per cent) of non-resident cottage owners tend to attract most of these owners from one or two states (see Table 4). For example, 67 per cent of the cottages in Essex County are owned by non-residents, and of these, 88 per cent are from Michigan. The same is true of the County of Kent, where 58 per cent of the cottages are owned by non-residents and 90 per cent of these non-residents are from Michigan. In the District of Rainy River, where 48 per cent of the cottages are owned by non-residents, over half are from Minnesota or Illinois. In Algoma, where 42 per cent of the cottages are owned by non-residents, over 70 per cent originate from Michigan and Ohio.

Some districts, because of their unique physical characteristics, attract cottage owners from all over the United States. The District of Kenora, for example, has attracted a sizeable number of cottage owners from California, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Nevada, Ohio, Texas and Wisconsin.

In most cases, Americans owning cottages in Ontario reside in states proximate to the border. The cottage areas of eastern and central Ontario, for example, attract cottagers from New York, New Jersey, Michigan, Pennsylvania and Ohio. The cottage areas of north-western Ontario attract cottagers from the American mid-west. However, in other cases, Americans travel particularly long distances to their cottages in Ontario.

ORIGIN OF NON-RESIDENT COTTAGE OWNERS
FOR SELECTED COUNTIES AND DISTRICTS*

Table 4

County or District	Non-Residents as a % of Total Cottage Owners	Predominant States of Origin	% of Non-Residents Originating from State
Algoma	42.6	Ohio	41
		Michigan	31
Essex	67.1	Michigan	88
Frontenac	22.3	New York	56
		Pennsylvania	12
Haldimand	10.9	New York	79
Huron	13.4	Michigan	83
Kenora	23.6	Illinois	33
		Indiana	12
		Minnesota	9
		Iowa	8
Kent	58.2	Michigan	90
Lambton	27.7	Michigan	82
Leeds-Grenville	23.4	New York	52
		Pennsylvania	12
Manitoulin	35.3	Ohio	37
		Michigan	22
Nipissing	12.0	Ohio	27
		New York	16
		Michigan	15
		Pennsylvania	12
Rainy River	48.3	Minnesota	38
		Illinois	17
Niagara	56.6	New York	86

* Predominant states of origin for counties and districts with more than 9 per cent non-resident cottage ownership.

E. Sale of Crown Land Cottage Lots

Table 5 summarizes the sale of Crown land cottage lots in Ontario by county and district for the period 1950 to 1973. Prior to 1971, Crown land cottage lots were sold or leased to residents and non-residents alike. However, in 1971, the Ministry of Natural Resources ceased selling Crown land cottage lots and lots are now leased only. The present policy is that lots are made available only to residents for one year. After this period, available lots may be leased by non-residents and residents alike.*

On the average, cottage lots purchased by non-residents were 21 per cent larger in area than the average cottage lot size purchased by residents. (Average lot size for non-residents was 1.46 acres; for residents, 1.21 acres.) Dispositions to non-residents, as a percentage of all dispositions, were most significant in the districts of northern Ontario, where dispositions to non-residents ranged between 13 and 49 per cent. In southern Ontario, dispositions of cottage lots to non-residents were significantly high only in the counties of Leeds (50 per cent) and Frontenac (20 per cent).

Overall, 14.5 per cent of all dispositions of Crown land cottage lots were committed to non-residents between 1950 and 1973. This accounted for 17 per cent of the acreage of the total disposition of cottage lots owned by the Crown.

* Lots committed prior to 1971 for future sale account for sales of Crown land cottage lots in 1972 and 1973, reflected in Table 5.

Summary of COTTAGE LOT SALES AND LEASES IN ONTARIO BY COUNTIES
AND TERRITORIAL DISTRICTS*, 1950 TO 1973

Table 5

Counties and Territorial Districts	Resident		Non-Resident		Resident		Non-Resident		Total		Sales and Leases to Non-Residents as a Percentage of Total Dispositions	
	Sales	Acres	Sales	Acres	Leases	Acres	Leases	Acres	Dispositions	Acres	Dispositions	Acres
Algoma	878	1,227	587	922	162	157	9	12	1,636	2,318	36	40
Bracebridge	490	392	8	7	90	75	-	-	588	474	1	1
Chatham	715	802	180	211	-	-	-	-	895	1,013	20	21
Clatsop	18	18	-	-	-	-	-	-	18	18	-	-
Collingwood	2,128	2,474	93	149	-	-	-	-	2,221	2,623	4	6
Georgina	873	967	48	62	-	-	-	-	921	1,029	5	6
Kenora	1,996	2,762	958	1,492	51	42	9	8	3,014	4,304	32	35
Manitowishong	144	153	4	4	-	-	-	-	148	157	3	3
Manitowishong	6	15	6	6	-	-	-	-	12	21	50	29
Manitowishong	601	693	55	72	-	-	-	-	656	765	8	9
Manitowishong	142	218	134	244	-	-	-	-	276	462	49	53
Manitowishong	2,487	2,849	62	86	-	-	-	-	2,549	2,935	2	3
Manitowishong	2,052	2,736	393	633	23	20	-	-	2,468	3,389	16	19
Manitowishong	488	124	40	13	-	-	-	-	528	137	8	9
Manitowishong	89	17	11	2	-	-	-	-	100	19	11	11
Manitowishong	36	31	2	2	-	-	-	-	38	33	5	6
Manitowishong	2,803	3,577	448	631	19	18	-	-	3,270	4,226	14	15
Manitowishong	2,073	2,450	112	160	-	-	-	-	2,185	2,610	5	6
Manitowishong	792	987	528	720	35	32	16	13	1,371	1,752	40	42
Manitowishong	550	643	60	86	-	-	-	-	610	729	10	12
Manitowishong	206	277	-	-	-	-	-	-	206	277	-	-
Manitowishong	3,205	4,284	291	413	124	102	4	3	3,624	4,802	8	9
Manitowishong	1,389	1,854	222	334	173	156	20	15	1,804	2,359	13	15
Manitowishong	773	735	66	78	136	94	4	3	979	910	7	9
Manitowishong	19	29	-	-	-	-	-	-	19	29	-	-
TOTAL	24,953	30,314	4,308	6,327	813	696	62	54	30,136	37,391	14.5	17

* Only counties and districts in which sales were carried out have been listed.

Source: Public Lands Section, Ministry of Natural Resources, 1974

F. Non-Resident Ownership of Land-Intensive
Tourist Operations

The Task Force, in cooperation with the Ministry of Industry and Tourism, obtained data regarding the number of non-residents owning land-intensive tourist operations in the Province. The following information provides the extent and distribution of non-resident ownership of commercial accommodation establishments in Ontario.

The Ministry was unable to provide the acreage of properties held by non-resident owners of commercial accommodation establishments. However, Table 6 summarizes, by administrative region, the number of such operations owned by non-residents in 1972. The data base for this table was derived from tourist establishment licence forms issued by the Ministry of Industry and Tourism. This data base accounts for 84 per cent of all tourist accommodation establishments in the Province.

Ownership of tourist establishments by non-residents is once again highest in northern Ontario. In northwestern Ontario, 17.6 per cent of the commercial accommodation establishments were owned by non-residents in 1972, and 5.4 per cent in northeastern Ontario were owned by non-residents in the same year.

Across the Province as a whole, 4.8 per cent of all commercial accommodation establishments licensed by the Ministry of Industry and Tourism were owned by non-residents in 1972.

INCIDENCE OF RESIDENT* AND NON-RESIDENT** OWNERSHIP OF COMMERCIAL
ACCOMMODATION ESTABLISHMENTS LICENSED BY THE MINISTRY OF INDUSTRY
AND TOURISM, BY ADMINISTRATIVE REGIONS, IN ONTARIO, 1972

Table 6

Administrative Region	Establishments Owned by Residents		Establishments Owned by Non-Residents		Total	
	Number	Per Cent	Number	Per Cent	Number	Per Cent
South Central (Niagara, Hamilton- Wentworth, Halton, Peel, York, Ontario, Durham, Northumberland)	671	98.7	9	1.3	680	100.0
Eastern (Hastings, Renfrew and east)	1,119	96.6	39	3.4	1,158	100.0
Land Between the Lakes (Grey, Wellington, Brant and west)	864	98.5	13	1.5	877	100.0
Central (Dufferin, Simcoe, Victoria, Peterborough, Muskoka, Haliburton, Nipissing)	1,371	98.9	15	1.1	1,386	100.0
Northeastern (Sudbury, Timiskaming, Algoma, Cochrane)	1,457	94.6	84	5.4	1,541	100.0
Northwestern (Thunder Bay, Rainy River, Kenora)	695	82.4	149	17.6	844	100.0
Total Province	6,177	95.2	309	4.8	6,486	100.0

Note: * May include American or other Canadian province owners who were resident in Ontario at least 7 months prior to licence application.

** May include owners who are residents of other Canadian provinces along with American owners.

Source: Tourist establishment licence forms, Ministry of Industry and Tourism

Table 7 outlines trends in the ownership of commercial accommodation establishments by non-Canadians, for the period 1968 to 1973. Again, ownership by non-Canadians is highest in northern Ontario. Northwestern Ontario has experienced a growth of 6.5 per cent in the percentage of foreign-owned establishments, from 27.8 per cent in 1968 to 29.6 per cent in 1973. Northeastern Ontario, while reflecting a relatively high proportion of foreign ownership (6.9 per cent), has experienced a decline in the percentage of foreign-owned commercial establishments since 1968.

The overall average percentage of foreign-owned commercial accommodation establishments for the Province has declined slightly from 6.7 per cent in 1968 to 6.1 per cent in 1973.

A survey conducted by the Ministry of Industry and Tourism of the larger hotels and motor hotels in some of the major urban centres in southern Ontario revealed the following information:

Toronto: of the 12 establishments constructed or under construction during 1972 and 1973, 8 were under foreign ownership, as were 73 per cent of the total rental units. About 72 per cent of the total cost of construction was also borne by foreign interests.

London: there was no new construction during the past 2 years, and foreign ownership of existing establishments is nil.

Ottawa: foreign ownership of new construction and of existing construction is nil.

Windsor: all of the major establishments are Canadian owned, and about 5 per cent of the non-major ones are foreign owned.

Table 8 provides more detailed information on the ownership of hotels under construction in Toronto in 1972 and 1973.

INCIDENCE OF FOREIGN* OWNERSHIP OF COMMERCIAL ACCOMMODATION ESTABLISHMENTS
 LICENSED BY THE MINISTRY OF INDUSTRY AND TOURISM, AND RELATED MARKET VALUE**,
 BY ADMINISTRATIVE REGIONS, IN ONTARIO, 1968 AND 1973

Table 7

Administrative Region	Foreign-Owned Establishments as Per Cent of Total Number of Establishments in Region		Market Value of Foreign Owned Establishments as Per Cent of Market Value of Total Number of Establishments in Region		Market Value of All Establishments in Region (in \$ 000's)
	1968	1973	1968	1973	1973
South Central (Niagara, Hamilton- Wentworth, Halton, Peel, York, Ontario, Durham, Northumberland)	2.0	1.3	0.9	0.5	100,721
Eastern (Hastings, Renfrew and east)	1.5	3.1	1.3	1.0	161,040
Land Between the Lakes (Grey, Wellington, Brant and west)	0.9	1.4	0.8	1.8	58,781
Central (Dufferin, Simcoe, Victoria, Peterborough, Muskoka, Haliburton, Nipissing)	1.3	1.2	1.7	1.1	115,365
Northeastern (Sudbury, Timiskaming, Algoma, Cochrane)	6.9	5.0	5.0	3.6	84,181
Northwestern (Thunder Bay, Rainy River, Kenora)	27.8	29.6	25.5	18.9	52,348
Total Province	6.7	6.1	5.6	3.0	572,438

Note: * Pertains to non-Canadian citizens

** Pertains to market value of land, buildings and any recreational facilities

Source: Field Services Division, Ministry of Industry and Tourism

HOTELS CONSTRUCTED OR UNDER CONSTRUCTION
IN TORONTO, 1972 AND 1973

Table 8

Name of Establishment	Number of Units	Cost in \$ Million	Opening Date	Ownership
Holiday Inn (Toronto)	750	15.0	Aug. 1972	Britain
Hyatt House Hotel	540	18.0	April 1972	U.S.
Four Seasons Sheraton Hotel	1,400	28.0	Oct. 1972	U.S.
Howard Johnson's Motor Lodge and Restaurant	120	2.7	Aug. 1973	U.S.
Seaway Beverly Hills Motor Hotel	150	5.0	Not Completed	U.S.
Ramada Inn	312	6.0	Not Completed	U.S.
Prince Hotel	406	20.0	Not Completed	Japan
Fidiram	250	5.0	Not Completed	Italy
Parkway Motor Hotel	40	1.5	July 1973	Canada
Skyline Hotel	190	2.5	Not Completed	Canada
Bristol Place Hotel	221	4.0	July 1973	Canada
Harbour Square Apt./Hotel	1,000	30.0	Not Completed	(probably Canada)

SUMMARY

Ownership	Number of Units	Percent	Cost in \$ Million	Percent
Canada	1,451	27.0	38.0	27.6
U.S.	2,522	46.9	59.7	43.3
Italy	250	4.6	5.0	3.6
Japan	406	7.5	20.0	14.5
Britain	750	13.9	15.0	10.9
TOTAL	5,379	100.0	137.7	100.0

G. Non-Resident Ownership of Recreational Land
in Ontario: Summary

In the estimation of the Task Force and based on 1973 assessment data, persons non-resident in Canada owned 9.27 per cent of the area of all land in Ontario classified by the Task Force as recreational land. Non-resident individuals own 2.01 per cent of all parcels of land or properties in Ontario classified as recreational and 0.9 per cent of the total assessed value of such properties.*

The following maps outline the extent of non-resident ownership by individuals of recreational land in Ontario on a county and district basis. Included as well is a map indicating those areas covered by the data base.

Concentrations of non-resident ownership of recreational land are most significant in the following counties and districts:

<u>County or District</u>	<u>Per Cent of Recreational Land Area Owned by Non-Residents</u>
Leeds	17
Frontenac	15
Kent	18
Bruce	15
Manitoulin	22
Timiskaming	19
Cochrane	46
Algoma	25
Rainy River	12
Kenora	19

*Refer to Appendix A: Non-Resident Ownership by Individuals of Agricultural and Recreational Land in Ontario, Based on Assessment Data as well as the Explanatory Note on Methodology, p.

Recreational land, as classified by the Task Force, includes private recreational land, clubs and lodges, some rural residential properties under 40 acres, waterfront, summer resorts and golf courses.

Non-resident owners of recreational property within Ontario counties tend to concentrate in townships with comparatively better recreational land than in the county as a whole.* For example in Essex County non-residents own 64.4 per cent of the recreational properties on Pelee Island, and between one-fifth and one-quarter of the recreational properties in the townships of Mersea, Colchester South, Malden and Tilbury North, all of which contain extensive shoreline. However, for the county as a whole, non-residents own only 9.6 per cent of the recreational properties.

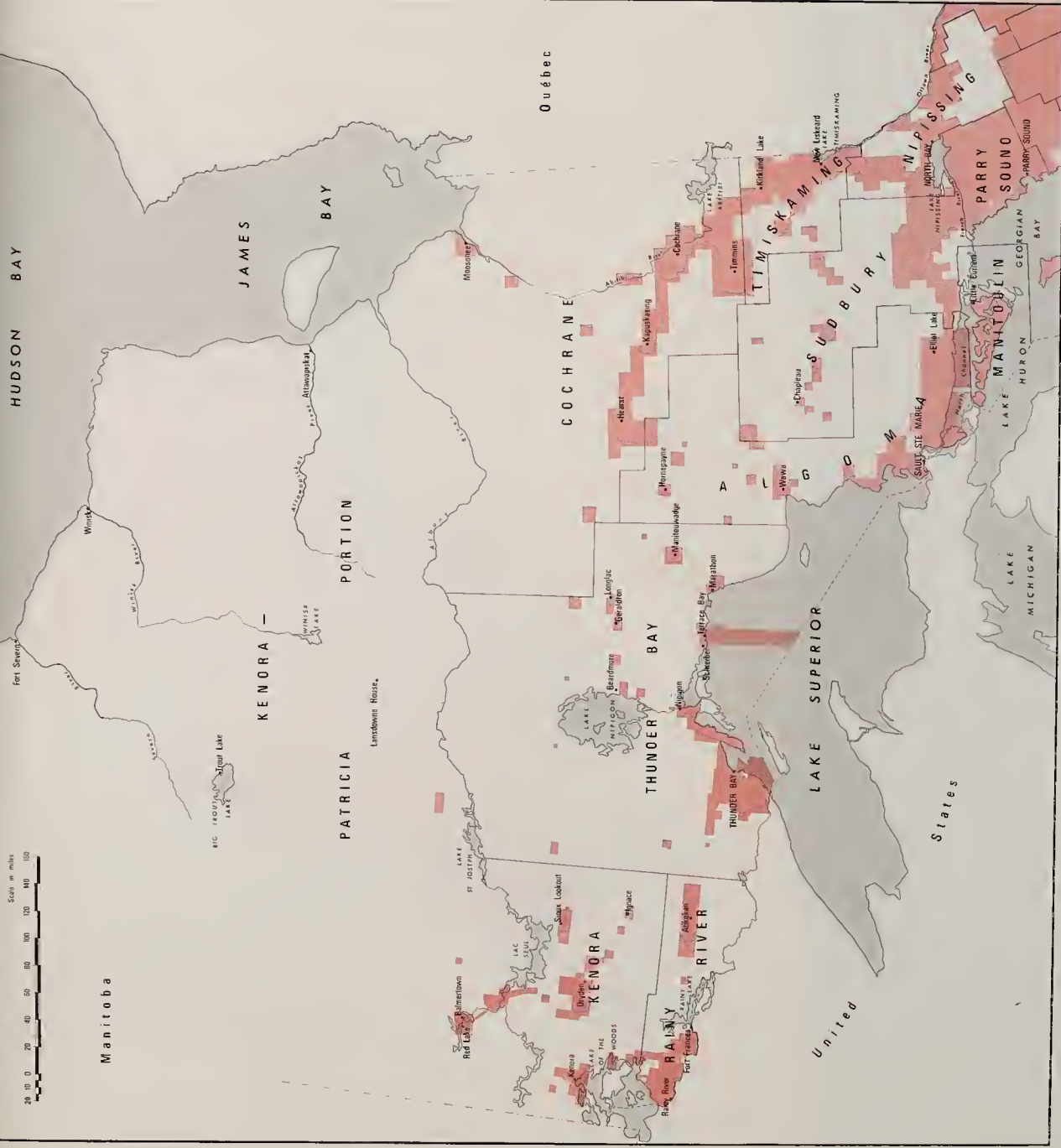
Similarly, in Rainy River, 45 per cent of the recreational land area owned by non-residents can be found in two townships, Morson, and McCrosson and Tovell, which border on the Lake of the Woods. For the district as a whole, non-residents own 11.9 per cent of the land area classified as recreational.

* Analysis derived from Assessment Data.

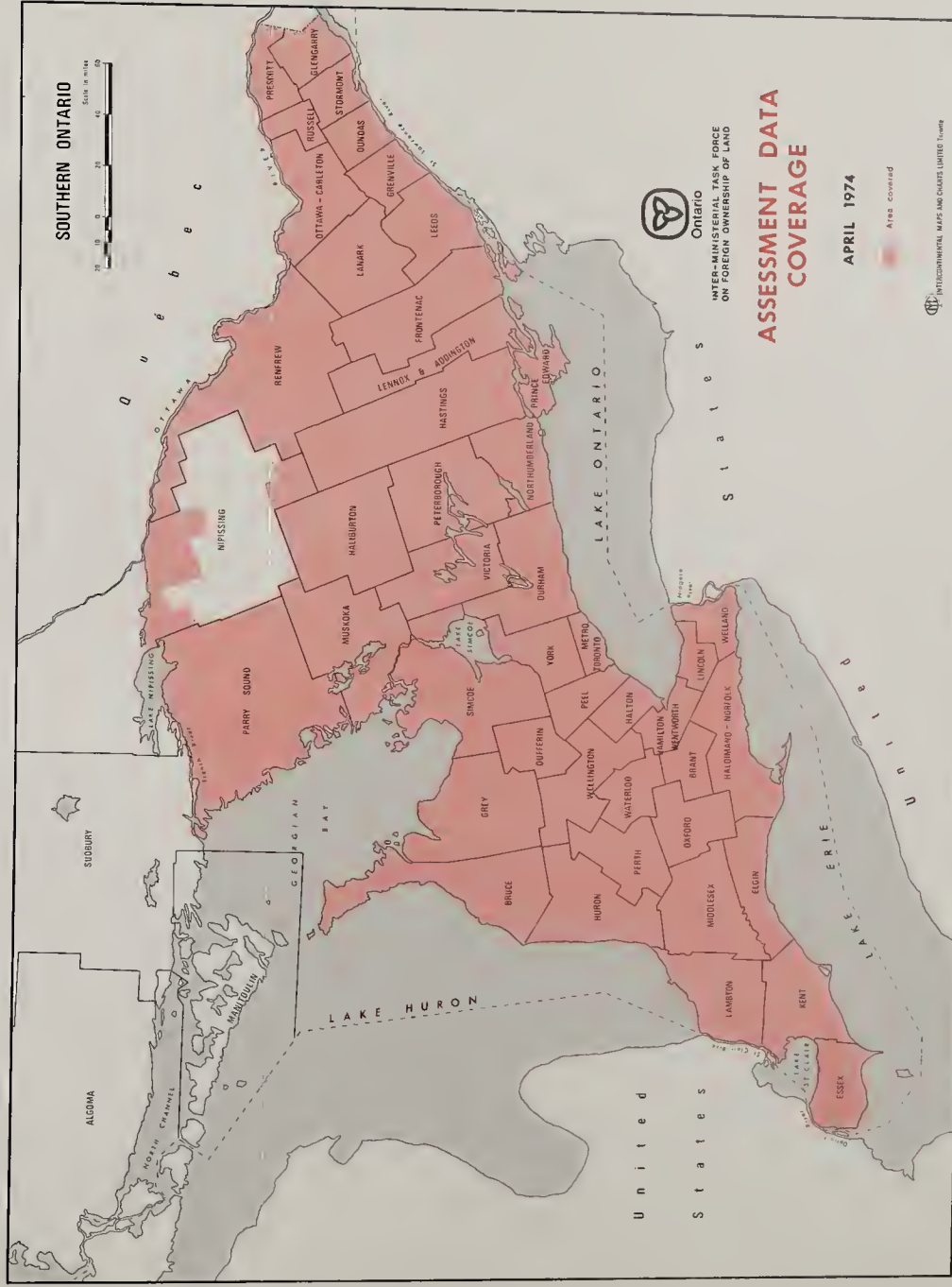
NORTHERN ONTARIO



Manitoba



SOUTHERN ONTARIO

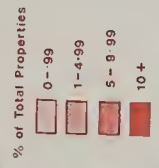
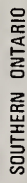


Ontario
INTER-MINISTERIAL TASK FORCE
ON FOREIGN OWNERSHIP OF LAND
**ASSESSMENT DATA
COVERAGE**

APRIL 1974

Area Covered

INTERCONTINENTAL MAPS AND CHARTS LIMITED T-4049



INTER-MINISTERIAL TASK FORCE
ON FOREIGN OWNERSHIP OF LAND

NON-RESIDENT
RECREATIONAL PROPERTIES
County and District

APRIL 1974



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VI. Non-Resident Ownership of Agricultural Land in Ontario

Trends in the demand for agricultural land in general provide a useful informational context within which the findings of the Task Force can be considered.

In the past two decades in Ontario, the acreage of both occupied farmland and improved (tilled) farmland has declined in absolute and relative terms. In the period 1951 to 1971, occupied farmland in the Province decreased by 23.5 per cent while improved land decreased by 14.4 per cent. The rate of this decline in acreage significantly accelerated in the years 1966 to 1971. Northern Ontario exhibited the greatest percentage loss of farmland, followed by central Ontario, eastern Ontario and western Ontario.

Some of the decline in acreage of agricultural land can be attributed to general upgrading of farmland. In other words, rocky or otherwise non-arable portions of smaller farms have been abandoned, and consolidation of arable land into larger farms has taken place. This is reflected in the decrease in the number of farms in Ontario, and the increase in their average size. In the period 1951 to 1971, the number of farms in the Province declined by 36 per cent, but during the same period, the average farm in the Province increased in size from 126 to 169 acres.*

* While the acreage of farmland in Ontario has decreased, the physical volume of agricultural production in Ontario has increased 25 per cent in the period 1961 to 1971. However, in certain areas of agricultural technology, plateaux have been reached, and there is no assurance that increased productivity can be maintained indefinitely.

Other factors associated both with the agricultural sector of the economy and with urbanization have contributed to the decline of farms and farmland in Ontario. To begin with, a significant gap has persisted between farm and non-farm incomes. In the last three decades, farm incomes in Canada have averaged slightly less than one-third of non-farm incomes. Simultaneously, the assets of the average farmer, primarily in the land component, have appreciated considerably, providing a significant economic incentive to "sell out".

In addition, demand for agricultural land from other sectors has forced up the market value of farmland, thereby making it increasingly costly for farmers to acquire more farmland, or for individuals to acquire initial farm properties.

This is particularly true in those agricultural areas surrounding urban centres, where associated land use requirements spill over into adjoining rural areas. Demand for agricultural land from urban residents is being reflected in the conversion of agricultural land into recreational properties, particularly when such properties contain shoreline or waterfrontage, in the growth of "hobby" farms, in the buying up of farms by development corporations for future development, and in speculative purchasing of agricultural land.

An increasing phenomenon is the farmer who is both owner and tenant, or simply a tenant of the land he farms. For example, a farmer may own three contiguous 100-acre sections of farmland, and rent an adjoining fourth 100-acre section from the property owner, the latter perhaps being a speculator or an urban dweller. Similarly,

it has become a fairly common practice for development corporations, owning agricultural land slated for future development, to lease the land to a tenant farmer. The land in question may not even be consolidated into a single block. Some development corporations, for example, control large areas of land by purchasing non-contiguous 100-acre sections in checkerboard fashion.

However, by allowing the land to be farmed, the landowner, be he speculator, hobby farmer, or developer, benefits in a number of ways:

- a) rent is received;
- b) the property is assessed as agricultural land, one of the lowest commonly encountered rates of assessment; and
- c) the owner may apply for a 50 per cent reduction in property tax under Ontario's Farm Tax Reduction Program.

A. Overall Non-Resident Ownership of Agricultural Land in Ontario

Ownership by Non-Resident Individuals

The Task Force was unable to ascertain trends in the non-resident ownership of agricultural land in Ontario. However, *the Task Force has determined, on the basis of a county and district analysis of 1973 assessment data, that 2.2 per cent of the land area classified by the Task Force as farmland,* and 1.95 per cent of all parcels of land or properties classified as farms, are owned by individuals non-resident in Canada. The farmland owned by non-residents represents .34 per cent of the total assessed value of farmland in the Province.*

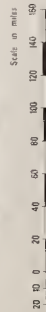
* Refer to Appendix A. Farmland as classified by the Task Force includes properties classed as woodlots, wildlife areas, and rural residential properties of over 40 acres.

These estimations demonstrate, in part, that

- a) non-residents have purchased on average, larger farm properties than non-residents; and
- b) non-residents have purchased farms of significantly less agricultural value than the farms purchased by non-residents.

The following maps outline the extent of non-resident ownership by individuals of agricultural land in Ontario, on a county and district basis.

NORTHERN ONTARIO



Manitoba

HUDSON BAY

JAMES BAY

KENORA

PATRICIA

PORTION

Québec

COCHRANE

KENORA

THUNDER BAY

RAVEN

20-49

19-21

LAKE SUPERIOR

United States

States

LAKE MICHIGAN

LAKE HURON

LAKE MANITOULIN

LAKE SUPERIOR

LAKE SUPERIOR

LAKE SUPERIOR

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SOUTHERN ONTARIO



Quebec

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% of Total Acreage



INTER-MINISTERIAL TASK FORCE
ON FOREIGN OWNERSHIP OF LAND

NON-RESIDENT FARMLAND
County and District

APRIL 1974

INTERNATIONAL MAPS AND CHARTS LIMITED, Toronto

Ownership by Non-Resident Corporations

In general, corporations owning agricultural land in Ontario are not engaging in farming as a principle activity. According to 1971 census figures, only 2 per cent of Ontario's farms were classified as corporate farms and of these 85 per cent were incorporated family farms. The remaining 15 per cent, or .3 per cent of all Ontario farms in 1971, were either agribusiness corporations, some of which are vertically integrated, or non-agribusiness corporations whose primary activities are non-agricultural but which engage in agriculture for reasons of their own. These figures would also include ownership of farmland by development corporations, if such land is being farmed according to census criteria.*

Therefore, the extent of ownership of Ontario's farms by non-resident corporations is negligible.

B. Concentrations of Non-Resident Ownership of Agricultural Land in Ontario

There is evidence that non-resident purchases of agricultural land in Ontario are highest in areas either where speculative activity near American borders is occurring, or in areas used for recreational purposes.

A recent study conducted by the Ministry of Agriculture and Food** utilized data derived from records of rural*** land sales in

* For census purposes a farm is defined as a "farm, ranch, or other agricultural holding of one acre or more with sales of agricultural products, during the 12 month period prior to the census, of \$50 or more."

** Michael Dehn, "Sale of Ontario Rural Land to Non-residents of Canada", Economics Branch, Ministry of Agriculture and Food, January 1974.

*** Rural land includes all land not assessed as residential, commercial or industrial. In addition to farmland, this category includes timberlands, wildlife areas and wasteland.

Ontario counties between 1968 and 1971. It examined sales of Ontario land around Detroit-Windsor, Buffalo, and Toronto, three centres which have all generated intense speculative activity. Of these, Detroit-Windsor and Buffalo areas showed a relatively high percentage of sales to non-resident individuals over the three year period. In Essex County, 5.8 per cent of the sales of rural land between 1968 and 1971 were to non-residents. This compared to an Ontario county average of .85 per cent of sales of rural land to non-residents of Canada in 1968 to 1971. This pattern was broken in the Toronto area (York, Peel and Ontario counties) where non-resident purchases of rural land in this period were comparatively minor. It therefore appears that the potential for land speculation is not in itself a strong enough incentive to draw non-resident purchases of rural land. It is apparent that proximity to the American border is a significant factor as well.

The study also revealed that non-resident purchases of rural land were significant in many counties in central and eastern Ontario, such as Victoria, Peterborough, Prince Edward, Frontenac and Leeds, where the composition of the land tends to combine recreational land and moderate-to-good farmland (See Table 9). However, in such cases, the recreational potential of this land is the primary factor in attracting non-residents. This is indicated by the fact that the proportion of non-resident purchases tends to be highest in counties with comparatively poor farmland and more recreational land. For

SALES OF ONTARIO RURAL LAND* TO NON-RESIDENTS OF CANADA 1968 - 1971

TABLE 9

COUNTIES	U.S. (ACRES)	OTHER ** (ACRES)	TOTAL NON-RES.	ACREAGE SOLD	% NON RES. SALES	% AMERICAN	% OTHER
Front	-	125	125	37,599	.33	-	.33
Elgin	199	-	199	67,947	.29	.29	-
Essex	1,663	535	2,198	37,644	5.84	4.42	1.42
Hastings	471	-	471	53,591	.88	.88	-
Kenilworth	334	96	430	41,729	1.03	.80	.23
London	527	-	527	59,036	.89	.89	-
North York	-	-	-	29,481	-	-	-
Simcoe	368	-	368	71,773	.51	.51	-
St. Catharines	194	481	675	72,584	.93	.27	.66
Wellington	7	65	72	43,825	.16	.01	.15
West York	721	749	1,470	25,656	5.73	2.81	2.92
York	-	58	58	31,221	.19	-	.19
Yonge	1,436	-	1,436	121,023	1.19	1.19	-
Waterloo	100	245	345	69,335	.50	.15	.35
Windsor	145	-	145	99,911	.15	.15	-
Halton	-	-	-	41,834	-	-	-
Hamilton	421	-	421	98,316	.43	.43	-
Pelee	-	-	-	48,184	-	-	-
Perth	55	-	55	38,526	.14	.14	-
Presburg	277	-	277	91,118	.30	.30	-
Richmond Hill	13	-	13	55,738	.02	.02	-
Scarborough	616	-	616	126,611	.49	.49	-
Simcoe	-	-	-	26,552	-	-	-
St. Catharines	606	-	606	7,825	7.74	7.74	-
Wellington	783	50	833	52,975	1.57	1.48	.09
York	192	-	192	44,224	.43	.43	-
North York	100	-	100	54,196	.18	.18	-
Ontario	701	52	753	65,135	1.16	1.03	.08
Prince Edward	325	-	325	13,227	2.46	2.46	-
Victoria	509	-	509	42,392	1.20	1.20	-
Yamouche	-	-	-	71,367	-	-	-
Yamouche	100	-	100	66,242	.15	.15	-
Yamouche	154	25	179	45,199	.40	.34	.06
Yamouche	155	604	759	41,961	1.81	.37	1.44
Yamouche	536	-	536	58,724	.91	.91	-
Yamouche	240	-	240	40,750	.59	.59	-
Yamouche	2,111	68	2,179	84,802	2.57	2.49	.08
Yamouche	1,536	-	1,536	66,078	2.32	2.02	-
Yamouche	463	-	463	28,487	1.63	1.63	-
Yamouche	214	237	451	62,591	.72	.34	.38
Yamouche	199	-	199	64,831	.31	.31	-
Yamouche	35	-	35	37,838	.09	.09	-
Yamouche	295	-	295	42,956	.69	.69	-
Province	16,801	3,393	20,191	2,381,107	.85	.71	.14

* Land that is not assessed as residential, commercial or manufacturing. In all counties except Lincoln and Welland sales were recorded when the acreage involved was ten acres or more. In Lincoln and Welland, the cut-off was lowered to five acres in order to include the smaller fruit-producing parcels.

** Germany, Spain, Iran, Belgium, Mexico, Austria, Switzerland, Grand Bahamas, Virgin Islands, England, Italy, Venezuela

example, Haliburton County had the highest percentage of sales to non-residents in the three year period, and it is almost entirely recreational land. Similarly, the counties of southwestern Ontario, which contain the largest concentrations of good crop land in Ontario, exhibited a relatively low incidence of sales to non-residents between 1968 and 1971.

The data received by the Task Force, based on 1973 assessment, also supported the contention that non-resident ownership of land classified by the Task Force as farmland is highest in those areas with good recreational potential. *For example, in the districts of northern Ontario non-resident ownership of land area assessed as farmland is almost 5 to 10 times greater than the overall provincial average of 2.2 per cent:*

<u>County or District</u>	<u>Per Cent of Agricultural Land Area Owned by Non-Residents</u>
Frontenac	4
Lennox and Addington	3
Hastings	5
Welland	3
Haliburton	3
Parry Sound	5
Manitoulin	4
Algoma	10
Thunder Bay	14
Rainy River	21
Kenora	20

* Based on 1973 Assessment Data.

In addition to the statistical data on non-resident ownership of agricultural land in Ontario, the Task Force, through the Ministry of Agriculture and Food, contacted Rural Development Officers of ARDA (Agricultural Rehabilitation and Development Administration) to ascertain their impressions regarding problems if any, associated with non-resident ownership of agricultural land. As ARDA is now only operative in northern and eastern Ontario, it was not possible to develop an overall provincial perspective in this way.

However, the Rural Development Officers in Cochrane, Nipissing and Algoma did report that agricultural land owned by non-residents in these areas tends not to be used for agricultural purposes. These officers stated that non-resident owners sometimes inhibited farm consolidation because they were unwilling to allow their land to be used for pasturing or were reluctant to sell their land at prices based on agricultural value. In the latter case, the price asked by the non-resident owner tended to be far above the price that agricultural returns could justify in these areas.

C. Non-Resident Ownership of Agricultural Land
in Ontario: Summary

The following preliminary conclusions may be made about non-resident ownership of agricultural land in Ontario:

- a) *Non-resident ownership of farmland in the prime agricultural areas of southwestern Ontario is less than 1 per cent with the exception of Welland and Essex counties, which are close to large American cities, and in which 2.94 and 1.25 per cent, respectively, of land assessed as farmland is owned by persons non-resident in Canada;*

- b) *Non-resident ownership of farmland is comparatively higher in the recreational areas of central and eastern Ontario, ranging in some counties, between 3 and 5 per cent of all land assessed as farmland;*
- c) *Non-resident ownership of land assessed as farmland is 5 to 10 times higher in Algoma, Thunder Bay, Rainy River and Kenora, than in the Province as a whole, reflecting the recreational value of these areas; and*
- d) *Ownership of farmland in Ontario by non-resident corporations is negligible.*

VII. Non-Resident Corporate Ownership of Agricultural and Recreational Land in Ontario

The Task Force determined the extent of corporate ownership of properties classed as recreational or agricultural by reference to the Provincial assessment records. *On a provincial basis it was determined that while non-resident individuals own approximately 165,000 or 7 per cent of such properties the number of corporate owned properties was approximately 122,000 or 5 per cent. Because of the difficulty in determining whether a corporation is beneficially controlled by a non-resident and the large number of corporations owning property in Ontario the Task Force was unable to complete a comprehensive analysis of non-resident corporate ownership.*

However, the Task Force did examine a statistically representative sample of approximately 1600 corporate owned properties in the counties of Essex, Haliburton, Peterborough, Victoria, York and the District of Algoma. These areas were chosen as being typical areas where it might be expected that non-resident corporations intending to purchase recreational or agricultural land might hold property. After establishing which of these corporations are more than 50 per cent beneficially owned by non-residents on the basis of their corporate tax returns, the Task Force determined that an average 12.1 per cent of these corporate properties are foreign owned. This ranged from a high of 24.5 per cent in Algoma to a low of .5 per cent in York county. In Essex the comparable figure is 17.2 per cent, in Victoria 19.9 per cent in Peterborough 2.4 per cent

and in Haliburton 9.7 per cent. From this sample the Task Force was, however, unable to conclude whether or not non-resident corporations own significant acreage in these areas since the acreage of the properties owned by all corporations in the counties was not available.

Before reliable statistical data can be developed on non-resident corporate land holdings a much more sophisticated system must be developed to determine the residency of those persons exercising beneficial control over the company. Too often, it is not possible to ascertain if a company is Canadian controlled. On several occasions the Task Force encountered this problem. For example, two separate studies were initiated to examine the incidence of non-resident corporate ownership. The first was a study of the holdings of all major corporate property owners in the counties of Peel and Halton. The second was a study of all property owners in a section of Toronto, bounded by Yonge, University, Front and Queen Streets.

In each study the Task Force carefully examined the files of the Ontario Securities Commission, the Provincial corporation tax returns and the returns collected by the Federal Department of Consumer and Corporate Affairs as required by the Corporations and Labour Unions Returns Act, to determine the residency of the person having beneficial control of the firm. The criteria established to determine whether a firm was actually non-resident controlled was whether 50 per cent or more of the outstanding shares having full

voting privileges were owned by a non-resident person.

In the Peel/Halton study 38 corporations were identified as holding the majority of the corporate owned properties. These were singled out for investigation. After examining the data available to the provincial and federal governments, as mentioned above, detailing the ownership structure of these corporations it was possible to show that 39 per cent of these companies could be classed as resident and 8 per cent as non-resident; however, for 53 per cent, the data was insufficient to make such a distinction.

The study of a portion of the City of Toronto was also inconclusive since of the 43 properties samples 79 per cent shown to be owned by residents and 5 per cent by non-residents and 16 per cent could not be classified. In this case, there were a significant number of trusts and estates where ownership data is not required, consequently it is possible that these associations may well be used to mask significant non-resident ownership.

In summary, the Task Force is of the opinion that until such time as full disclosure of non-resident holdings is required by statute it will be very difficult to estimate the level or rate of change in the extent of non-resident ownership in the province.

VIII. Monitoring Corporate Non-Resident
Ownership of Land in Ontario

A. Licences in Mortmain and Extra-Provincial

As part of the Task Force's terms of reference it was instructed to estimate the land holdings and the market value of land held by corporations holding licences in mortmain or operating under extra-provincial licence.* This matter was examined by the Company Division of the Ministry of Consumer and Commercial Affairs and it was determined that:

- . as of December 31, 1973 the value of land held under licences in mortmain was \$4.2 billion. This is considered to be very close to the market value of the land since the licence authorizes the holding of land up to a certain dollar value as stated in the licence. This represents an increase of approximately 23% since 1968
- . of the total value of land held under licences in mortmain only 5 per cent was owned by non-resident corporations
- . as of December 31, 1973 the value of the real property held under extra-provincial licences was \$1.4 billion. However, this represents the total value of the capital employed in Ontario and may have no relationship to the value of the land held under such licences. Again it was determined that the value of these licences increased by 52 per cent since 1968.

The value of these records as a meaningful data base was questioned by the Task Force in light of the fact that only 4,900 corporations were holding such licences in 1973, less than .4 per cent of the total corporations estimated to be operating in Ontario at that time. A summary of this data is attached in Table 10

* The Mortmain and Charitable Uses Act prohibits the assurance of land to or for the benefit of any corporation whatsoever incorporated "otherwise than under the authority of a statute or licence for the time being in force". The Act goes on to authorize the Minister of Consumer and Commercial Relations to issue licences in mortmain upon due application. Extra-provincial licences are required by those corporations which are non-Ontario corporations but wish to purchase real property in the province.

B. Monitoring Corporate Land Ownership

The Task Force was also requested to examine the existing laws dealing with land ownership, such as the Mortmain and Charitable Uses Act, to determine if they could form the basis for government monitoring of corporate land holdings.

1. Existing Legislation

The Mortmain and Charitable Uses Act prohibits the assurance of land to or for the benefit of any corporation wheresoever incorporated "otherwise than under the authority of a licence or of a statute for the time being in force". The Act goes on to authorize the Minister of Consumer and Commercial Relations, in his discretion, to issue licences in mortmain upon due application.

Another form of licence is the extra-provincial licence issued under The Corporation Act, again at the discretion of the Minister, upon due application. The issue of such a licence to non-Ontario corporations carries with it authority to acquire and hold such land as may be necessary for the corporation's actual use and occupation or for carrying on its undertaking.

As to statutory authority, The Business Corporations Act as to business corporations and The Corporations Act as to corporations without share capital (clubs, foundations, and so forth) confer the same power upon Ontario corporations: to acquire and hold such land as may be necessary for the corporation's actual use and occupation or for carrying on its undertaking.

The Corporations Information Act, 1971 requires annual returns of information from both Ontario corporations, Quebec corporations and foreign corporations holding either licences in mortmain or extra-provincial licences. The specific information to be provided by such corporations is detailed in the statute.

2. Monitoring Options

It would seem apparent to the Task Force that The Corporations Information Act, 1971 would be the most appropriate vehicle for monitoring land holdings of reporting corporations. An appropriate amendment to the statute could be readily drafted. There would, however, be a built-in delay factor in the reporting: under the Act, corporations file their annual returns not as of a specific date, but rather within two months of the corporation's anniversary of incorporation. Thus, it would be fourteen months before any kind of total picture could be developed.

However, rather than integrating the information as to land holdings with the annual return, the Act might require a special return: i.e. within three months of proclamation, by all reporting corporations as to their then land holdings, and subsequently upon every acquisition or disposition of land by reporting corporations. Depending upon the anticipated volume, the nature of the information that would be required and government's expected need to access the information filed, consideration might be given to an EDP treatment of the process.

3. Summary

The options available to non-residents as to vehicles for holding land in Ontario -- as well as corporations, trusts, partnerships and individuals -- seem to force the conclusion that to focus only upon corporations would be an ineffective approach. It would follow that monitoring or control, or both, is appropriate at the land registry office level, picking up all transactions, and not simply that one class of potential purchaser, the corporation.

VALUE OF LAND AND REAL PROPERTY HELD UNDER LICENCE IN MORTMAIN AND EXTRA-PROVINCIAL LICENCES					Table 10
Date	Total Corps.	Canada (including Provinces)	U.S.A.	Europe	Others
Licences in Mortmain:					
The value, in dollars, of the licences in mortmain held on January 1, 1968 and December 31, 1973, by corporations in each of the following groupings is as follows:					
January 1, 1968	2,674	3,327,060,864	45,415,657	8,949,121	10,575,707
December 31, 1973	2,995	3,959,709,612	93,146,096	106,865,266	17,802,665
Extra-Provincial Licences:					
The value, in dollars, of the extra-provincial licences held on January 1, 1986 and December 31, 1973, by corporations in each of the following groupings is as follows:					
January 1, 1968	1,189	328,221,238	567,922,215	15,082,819	7,830,000
December 31, 1973	1,954	602,541,565	769,668,904	25,191,769	3,234,300
Total Licences:					
The value of both licences held on January 1, 1968 and December 31, 1973 is as follows:					
January 1, 1968	3,863	3,655,282,102	613,237,872	24,031,940	18,405,707
December 31, 1973	4,940	4,562,251,177	862,815,000	132,057,035	21,036,965

Appendix A

Non-Resident Ownership by Individuals of
Agricultural and Recreational Land
in Ontario
Based on Assessment Data

APPENDIX A

Explanatory Note on Methodology

In order to ascertain the level and extent of non-resident ownership of agricultural and recreational land in Ontario, the Task Force examined data available from Assessment Data Files for 1973.

Three categories of land

- a) agricultural land,
- b) recreational land, and
- c) other rural land

were investigated on the basis of:

- a) property assessment (in dollars);
- b) land area (in acres); and
- c) number of properties.

Covered by the assessment data, is land in organized territories (municipalities), school districts in northern Ontario, and improvement districts.

A computer program was designed to select properties owned by non-resident individuals on a county and municipality basis. Excluded from the list were properties owned by:

- a) a Canadian citizen;
- b) an owner residing on the property; and
- c) an owner with a mailing address which could be identified as being Canadian.

Lands within major cities were also excluded from the study.

Land categories from the Assessment Data Files were determined by the Assessable Unit Class codes used by the assessors for each property.

The following is a delineation of the Assessable Unit Class codes for each land category:

Agricultural Land

F	Farm - improved
FBSU	Farm - with shelter unit
FI	Farm - intensive
FIR	Farm - intensive with shelter
FT	Farm - timberland
WL	Woodlot
RBSU	Residential with shelter unit over 40 acres*

Recreational Land

LCA	Lodges/Clubs/Associations
LRU	Private Recreational Land
R	Residential - under 40 acres*
RBSU	Residential - with shelter unit under 40 acres*
RE	Residential Estate in Rural Area - under 40 acres, provided that no one resides on the property
WF	Waterfront
WFSU	Waterfront with shelter unit
SR	Summer Resort
GC	Golf course - non profit
GCB	Golf course - business

Other Rural Land

UM	Rural unuseable
UQ	Rural - not utilized for two years
UR	Underdeveloped rural - improved
W	Wasteland
XGP	Wildlife areas
XT	Timberlands

Error Analysis Considerations

1. A distortion in the classification of the land occurs when agricultural land has been subdivided, but not yet developed. In this case, the land is classified as recreational rather than agricultural.

* For the purpose of the study, the Task Force assumed that residential properties under 40 acres, and not within cities, were recreational properties.

2. Uncalculable land refers to properties for which acreage values were unavailable. Because of this, land area figures are lower than they should be by 18.7 per cent.
3. Mailing addresses for assessment notices were used to identify non-resident owners of land. Non-residents would be missed if their assessment notices are sent to someone domiciled in Canada.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574																																																																																																																																																																																																																																																																																																																																																																																																																																										

COUNTY TOTALS														
UNCALCULABLE LAND														
RURAL LAND														
RECREATIONAL LAND														
AGRICULTURAL LAND														
COUNTY	PROPERTY ASSESSMENT \$		NO. OF PROPERTIES	PROPERTY ASSESSMENT \$		NO. OF PROPERTIES	PROPERTY ASSESSMENT \$		NO. OF PROPERTIES	PROPERTY ASSESSMENT \$		NO. OF PROPERTIES	PROPERTY ASSESSMENT \$	
	LAND AREA -ACRES-	LAND AREA -ACRES-		LAND AREA -ACRES-	LAND AREA -ACRES-		LAND AREA -ACRES-	LAND AREA -ACRES-		LAND AREA -ACRES-	LAND AREA -ACRES-			
SOUTH CENTRAL ONTARIO														
LENNEX & ADDINGTON														
TOTAL	10,097,930	397,556	3,701	24,856,235	12,646	10,641	-	-	-	2,788	34,954,165	410,202	17,130	
NON-RESIDENT	33,950	12,742	154	219,265	694	205	-	-	-	49	253,215	13,436	871	
% NON-RESIDENT	.34	3.21	4.16	.88	5.49	1.93	-	-	-	1.76	.72	3.28	5.08	
HASTINGS														
TOTAL	11,472,115	680,065	9,061	124,660,931	43,500	33,597	32,925	6,802	99	10,469	136,165,971	730,367	53,226	
NON-RESIDENT	120,970	33,053	593	149,710	1,307	487	2,875	966	19	440	273,555	35,326	2,604	
% NON-RESIDENT	1.05	4.86	6.54	.12	3.00	1.45	8.73	14.20	19.19	4.20	.20	4.84	4.89	
PE. ELWARD														
TOTAL	18,103,665	216,608	2,434	44,752,690	10,619	7,428	2,675	217	19	2,841	62,859,030	227,444	12,722	
NON-RESIDENT	51,850	941	7	139,550	914	69	-	-	-	13	191,400	1,855	957	
% NON-RESIDENT	.29	.43	.29	.31	8.61	.93	-	-	-	.46	.31	.82	7.76	
NORTHUMBER														
TOTAL	13,133,221	424,747	5,549	41,857,596	28,399	26,015	250	100	3	6,831	54,991,067	453,246	36,398	
NON-RESIDENT	5,947	1,046	14	112,015	98	179	-	-	-	47	117,962	1,144	1,601	
% NON-RESIDENT	.05	.25	.25	.27	.35	.69	-	-	-	.69	.21	.25	4.17	
PETERBOROUGH														
TOTAL	17,597,820	559,697	6,482	146,359,246	45,738	43,786	6,380	1,120	14	16,549	163,963,446	606,555	66,831	
NON-RESIDENT	116,590	7,811	131	2,177,917	1,856	777	-	-	-	281	2,294,507	9,667	3,710	
% NON-RESIDENT	.66	1.40	2.02	1.49	4.06	1.77	-	-	-	1.70	1.39	1.59	5.55	
VICTORIA														
TOTAL	12,231,640	578,970	6,343	46,353,687	18,850	25,176	-	-	-	7,041	58,585,327	597,820	38,560	
NON-RESIDENT	13,270	1,312	14	169,805	165	117	-	-	-	42	183,075	1,477	2,554	
% NON-RESIDENT	.11	.23	.22	.37	.88	.46	-	-	-	.60	.31	.25	6.62	
WILFRED														
TOTAL	67,248,861	497,586	8,701	524,012,417	36,356	61,092	715	240	2	5,015	591,361,993	534,182	74,810	
NON-RESIDENT	16,580	354	4	21,505	3	6	-	-	-	-	38,085	357	5,167	
% NON-RESIDENT	.02	.07	.05	.004	.008	.01	-	-	-	-	.006	.07	6.89	
YORK														
TOTAL	168,956,859	291,189	5,024	1,083,703,848	52,111	57,985	47,155	362	4	13,500	1,252,707,872	343,662	76,513	
NON-RESIDENT	30,800	122	2	136,850	64	20	-	-	-	3	167,650	186	4,810	
% NON-RESIDENT	.02	.04	.04	.01	.12	.03	-	-	-	.02	.01	.05	6.29	
ONT.														
TOTAL	136,148,393	214,979	4,058	2,047,956,279	24,775	70,965	-	-	-	3,816	2,184,104,672	239,754	78,839	
NON-RESIDENT	25,520	39	2	20,270	14	3	-	-	-	-	45,790	53	9,838	
% NON-RESIDENT	.02	.02	.05	.001	.06	.004	-	-	-	-	.002	.02	12.54	

COUNTY	AGRICULTURAL LAND				RECREATIONAL LAND				RURAL LAND				UNCALCULABLE LAND				COUNTY TOTALS			
	PROPERTY ASSESSMENT \$	LAND AREA -ACRES-	NO. OF PROPERTIES	PROPERTY ASSESSMENT \$	LAND AREA -ACRES-	NO. OF PROPERTIES	PROPERTY ASSESSMENT \$	LAND AREA -ACRES-	NO. OF PROPERTIES	PROPERTY ASSESSMENT \$	LAND AREA -ACRES-	NO. OF PROPERTIES	PROPERTY ASSESSMENT \$	LAND AREA -ACRES-	NO. OF PROPERTIES	TOTAL NO. PROPERTIES	TOTAL NO. PROPERTIES			
SOUTH WESTERN ONTARIO (continued)																				
3 DUFFERIN																				
TOTAL	31,343,715	295,785	3,537	37,257,630	40,529	8,111	6,650	781	16	1,218	68,607,995	337,095	12,882	12,882						
NON-RESIDENT	4,650	194	2	5,320	110	3	-	-	-	-	9,970	304	1,030	1,025						
% NON-RESIDENT	.001	.07	.06	.01	.27	.04	-	-	-	-	.01	.09	8.00	7.96						
4 WELLINGTON																				
TOTAL	31,935,250	560,483	6,347	75,098,493	27,387	14,578	4,030	300	16	3,726	107,037,773	588,170	24,667	24,667						
NON-RESIDENT	9,980	313	4	2,275	35	6	-	-	-	-	12,255	348	1,555	1,555						
% NON-RESIDENT	.03	.06	.06	.003	.13	.04	-	-	-	-	.01	.06	6.47	6.43						
5 HALTON																				
TOTAL	32,703,312	162,438	2,864	348,157,634	25,638	50,785	-	-	-	12,143	380,860,946	198,076	65,792	65,792						
NON-RESIDENT	25,145	384	6	2,575	1	2	-	-	-	-	27,720	365	5,173	5,165						
% NON-RESIDENT	.08	.24	.21	.0007	.004	.004	-	-	-	-	.007	.20	7.86	7.85						
6 PETERBOROUGH																				
TOTAL	21,401,581	193,672	3,889	131,714,236	12,920	22,546	-	-	-	6,025	153,115,817	206,592	32,460	32,460						
NON-RESIDENT	1,672	29	2	11,275	32	7	-	-	-	1	12,947	61	1,059	1,049						
% NON-RESIDENT	.007	.01	.05	.009	.25	.30	-	-	-	.02	.008	.03	3.26	3.23						
7 LINCOLN																				
TOTAL	20,951,400	158,005	4,743	45,042,375	5,266	11,439	115	11	1	1,982	65,993,890	163,282	18,165	18,165						
NON-RESIDENT	15,790	294	7	122,545	44	32	-	-	-	-	138,335	338	838	849						
% NON-RESIDENT	.08	.19	.15	.27	.84	.28	-	-	-	-	.21	.21	4.89	4.67						
8 WELLS																				
TOTAL	13,817,050	152,901	3,576	220,758,358	22,857	60,597	-	-	-	4,520	234,575,418	175,753	68,693	68,693						
NON-RESIDENT	224,610	4,500	111	10,534,920	2,055	4,687	-	-	-	235	10,759,530	6,555	9,062	4,529						
% NON-RESIDENT	1.63	2.94	3.10	4.77	8.99	7.73	-	-	-	5.20	4.58	3.73	13.19	5.87						
9 HAMILTON & NORFOLK																				
TOTAL	49,255,675	614,177	9,202	91,700,815	15,214	27,269	6,475	82	18	5,759	140,962,965	629,473	42,248	42,248						
NON-RESIDENT	42,650	1,008	18	407,805	73	426	-	-	-	73	450,455	1,081	3,231	2,714						
% NON-RESIDENT	.09	.16	.20	.44	.48	1.56	-	-	-	1.27	.32	.17	7.65	6.42						
10 FRONT																				
TOTAL	16,328,585	188,576	2,806	117,688,994	9,434	23,966	-	-	-	3,693	134,017,579	198,010	30,465	30,465						
NON-RESIDENT	3,550	100	1	21,210	8	6	-	-	-	1	24,760	108	1,737	1,729						
% NON-RESIDENT	.02	.05	.04	.02	.08	.03	-	-	-	.03	.02	.05	5.70	5.68						

[illegible]

COUNTY	PROPERTY ASSESSMENT			LAND AREA			PROPERTY ASSESSMENT			LAND AREA			PROPERTY ASSESSMENT			LAND AREA			TOTAL NO PROPERTIES CORP. PROPERTIES
	\$	NO. OF PROPERTIES	NO. OF PROPERTIES	\$	NO. OF PROPERTIES	NO. OF PROPERTIES	\$	NO. OF PROPERTIES	NO. OF PROPERTIES	\$	NO. OF PROPERTIES	NO. OF PROPERTIES	\$	NO. OF PROPERTIES	NO. OF PROPERTIES	\$	NO. OF PROPERTIES	NO. OF PROPERTIES	
NORTH CENTRAL ONTARIO (continued)																			
GRUY																			
TOTAL	175,311,030	809,788	8,471	391,129,020	170,905	27,993	-	-	-	6,542	980,693	43,006	43,006	566,440,100	2,303	2,543	43,006	2,543	
NON-RESIDENT	232,700	1,232	13	1,354,300	1,071	105	-	-	-	22	2,303	2,543	2,543	1,587,000	2,303	2,543	2,543	2,543	
% NON-RESIDENT	.13	.15	.15	.35	.63	.38	-	-	-	.34	.23	6.24	5.91	.28	.23	6.24	5.91	5.91	
SIMCOE																			
TOTAL	59,403,839	327,006	11,221	540,228,172	48,566	90,579	1,375	-	2	64,724	375,572	166,526	166,526	599,633,376	795	9,654	166,526	9,347	
NON-RESIDENT	85,160	669	17	1,147,043	126	191	-	-	-	139	795	9,654	9,347	1,232,203	795	9,654	9,347	9,347	
% NON-RESIDENT	.14	.20	.15	.21	.26	.21	-	-	-	.21	.21	5.82	5.61	.21	.21	5.82	5.61	5.61	
MUSKOGA																			
TOTAL	35,393,360	147,467	1,689	618,711,785	416,983	44,595	21,700	148	5	24,306	564,598	70,595	70,595	654,126,845	19,660	4,935	70,595	3,153	
NON-RESIDENT	86,550	2,247	26	19,893,720	17,366	1,230	14,200	47	2	572	19,660	4,935	3,153	19,994,360	19,660	4,935	4,935	3,153	
% NON-RESIDENT	.24	1.52	1.54	3.22	4.16	2.76	65.44	31.76	40.00	2.35	3.48	7.06	4.47	3.05	3.48	7.06	4.47	4.47	
HAMILTON																			
TOTAL	985,988	371,880	3,291	9,733,505	92,548	21,221	11,155	3,846	51	2,230	468,274	26,793	26,793	10,730,648	15,800	3,442	26,793	2,865	
NON-RESIDENT	23,245	11,688	171	166,285	4,112	393	-	-	-	13	15,800	3,442	2,865	189,530	15,800	3,442	3,442	2,865	
% NON-RESIDENT	2.36	3.14	5.20	1.71	4.44	1.85	-	-	-	.58	3.37	12.85	10.69	1.77	3.37	12.85	10.69	10.69	
RICHMOND																			
TOTAL	13,361,142	986,179	8,902	53,221,497	19,657	27,597	1,605	146	10	3,413	66,584,244	39,932	39,932	66,584,244	11,455	2,233	39,932	1,764	
NON-RESIDENT	50,300	10,693	100	241,285	762	388	-	-	-	31	11,455	2,233	1,764	291,585	11,455	2,233	2,233	1,764	
% NON-RESIDENT	.38	1.08	1.12	.45	3.88	1.41	-	-	-	.91	1.14	5.72	4.42	.44	1.14	5.72	4.42	4.42	
NIPISSING																			
TOTAL	6,272,604	319,326	3,175	99,192,181	89,164	23,718	-82,695	21,122	209	4,426	429,612	31,528	31,528	105,547,480	50,366	5,184	31,528	1,631	
NON-RESIDENT	88,100	8,478	77	807,681	5,887	436	3,975	764	9	47	15,129	2,250	1,631	899,756	50,366	5,184	2,250	1,631	
% NON-RESIDENT	1.40	2.65	2.43	.81	6.60	1.84	4.81	3.62	4.31	1.06	3.52	7.14	5.33	.85	3.52	7.14	5.33	5.33	
PARRY SOUND																			
TOTAL	20,963,405	584,460	7,025	286,375,460	237,253	32,822	1,698,600	29,145	349	5,221	850,858	45,417	45,417	309,037,465	50,366	5,184	45,417	2,967	
NON-RESIDENT	482,405	30,514	374	16,804,118	18,161	1,680	56,700	1,691	20	143	50,366	5,184	2,967	17,343,223	50,366	5,184	2,967	1,631	
% NON-RESIDENT	2.30	5.22	5.32	5.87	7.65	5.12	3.34	5.80	5.73	2.74	5.92	11.41	6.53	5.61	5.92	11.41	6.53	6.53	
MANITOULIN																			
TOTAL	8,704,555	289,279	5,587	21,112,220	11,520	'8,916	-	-	-	6,183	300,799	20,666	20,666	29,816,575	15,333	5,220	20,666	3,604	
NON-RESIDENT	332,210	12,807	274	3,498,310	2,526	911	-	-	-	231	15,333	5,220	3,604	3,830,530	15,333	5,220	5,220	3,604	
% NON-RESIDENT	3.82	4.43	4.90	16.57	21.93	10.22	-	-	-	3.74		25.23	18.39	12.84	5.10	25.23	18.39	18.39	
SUDBURY (REGION)																			
TOTAL	12,034,903	387,478	3,591	528,457,319	61,100	50,089	87,205	10,019	94	20,151	458,597	73,925	73,925	540,579,427	9,937	3,275	73,925	2,704	
NON-RESIDENT	73,595	8,029	73	1,159,160	1,899	375	6,100	9	2	121	9,937	3,275	2,704	1,238,855	9,937	3,275	3,275	2,704	
% NON-RESIDENT	.61	2.07	2.03	.22	3.11	.75	7.00	.09	2.13	.60	2.17	4.43	3.66	.23	2.17	4.43	3.66	3.66	
TIMINGONING																			
TOTAL	4,348,686	149,339	1,925	40,167,111	22,386	12,738	-	-	-	6,873	171,725	21,536	21,536	44,535,797	5,508	1,130	21,536	791	
NON-RESIDENT	19,030	1,272	84	90,805	4,236	129	-	-	-	136	5,508	1,130	791	109,835	5,508	1,130	1,130	791	
% NON-RESIDENT	.44	.85	4.36	.23	18.92	1.01	-	-	-	1.98	3.21	5.25	3.63	.25	3.21	5.25	3.63	3.63	
COMPTON																			
TOTAL	7,794,565	46,672	2,043	191,976,993	93,537	27,439	3,650	392	4	23,405	140,601	52,891	52,891	199,775,213	43,699	4,265	52,891	2,841	
NON-RESIDENT	64,710	795	50	511,715	42,904	832	-	-	-	572	43,699	4,265	2,841	576,425	43,699	4,265	4,265	2,841	
% NON-RESIDENT	.83	1.70	2.45	.27	45.87	3.03	-	-	-	2.44	31.08	8.12	5.37	.29	31.08	8.12	5.37	5.37	

COUNTY	PROPERTY ASSESSMENT \$	LAND AREA -ACRES-	NO. OF PROPERTIES	PROPERTY ASSESSMENT \$	LAND AREA -ACRES-	NO. OF PROPERTIES	PROPERTY ASSESSMENT \$	LAND AREA -ACRES-	NO. OF PROPERTIES	TOTAL NO PROPT/
										TOTAL NO CORPORATE PROPERTIES

5 ALBERTA

TOTAL	19,157,415	234,111	2,405	305,221,444	333,149	43,210	1,156,320	62,183	506	6,169	325,535,179	629,443	52,290	52,290
NON-RESIDENT	709,775	24,405	247	11,366,480	82,524	2,862	370,250	16,218	138	477	12,446,505	123,147	7,556	3,532
% NON-RESIDENT	3.70	10.42	10.27	3.72	24.77	6.62	32.02	26.08	27.27	7.732	3.82	19.56	14.45	7.33

6 THUNDER BAY (DIST.)

TOTAL	8,236,590	616,976	6,095	144,252,990	33,279	43,208	530	362	5	8,162	152,490,110	650,617	57,470	57,470
NON-RESIDENT	377,097	86,227	728	98,585	700	215	160	80	1	14	475,842	87,007	4,874	3,916
% NON-RESIDENT	4.58	13.98	11.94	.07	2.10	.50	30.19	22.10	20.00	.17	.31	13.37	8.48	6.81

7 RAINY RIVER

TOTAL	2,758,397	484,227	4,126	16,384,273	4,778	6,537	-	-	-	3,342	19,142,670	489,005	14,005	14,005
NON-RESIDENT	361,358	99,198	1,052	604,680	568	292	-	-	-	18	966,038	99,766	2,172	810
% NON-RESIDENT	13.10	20.49	25.50	3.69	11.89	4.47	-	-	-	.54	5.05	20.40	15.51	5.73

8 KENORA

TOTAL	2,183,560	218,161	1,867	76,357,877	35,738	15,730	6,230	844	8	4,602	78,547,667	254,743	22,207	22,207
NON-RESIDENT	190,515	41,904	359	1,217,230	6,520	897	1,385	293	2	117	1,409,130	48,717	2,614	1,239
% NON-RESIDENT	8.72	19.21	19.23	1.59	18.24	5.70	22.23	34.72	25.00	2.54	1.79	19.12	11.77	5.58

PROVINCIAL TOTALS

TOTAL	1,615,450,858	20,545,500	273,030	10,209,995,087	2,365,936	1,415,935	3,391,255	226,984	2,416	421,341	11,828,837,200	23,128,420	2,112,722	2,112,722
NON-RESIDENT	5,551,634	452,331	5,329	97,720,159	219,228	28,441	463,280	24,235	240	8,361	103,735,073	695,794	165,661	122,630
% NON-RESIDENT	.34	2.20	1.95	.9	9.27	2.01	13.66	10.68	9.95	1.98	.8	3.01	7.81	5.80

APPENDIX B

PRICE WATERHOUSE AND CO.

COMPARISON OF COSTS OF HOLDING

RECREATIONAL PROPERTIES IN ONTARIO

ONTARIO RESIDENTS VS. U.S. RESIDENTS

APPENDIX B

PRICE WATERHOUSE AND CO.

COMPARISON OF COSTS OF HOLDING

RECREATIONAL PROPERTIES IN ONTARIO

ONTARIO RESIDENTS VS. U.S. RESIDENTS

		<u>Salary income of purchaser</u>			
<u>Case A: Ontario resident</u>		<u>\$13,000</u>	<u>18,000</u>	<u>25,000</u>	<u>30,000</u>
Cost to Ontario resident of acquiring and holding recreational property in Ontario (20% land transfer tax not applicable) -					
Cost of property		\$20,000	30,000	40,000	50,000
Assumed annual carrying costs (not deductible for Canadian tax purposes)-					
Average annual loan interest	\$	921	1,382	1,843	2,304
Property taxes		200	350	500	600
	\$	1,121	1,732	2,343	2,904
<u>Case B: U.S. resident - no 20% land transfer tax</u>					
Cost to United States resident of acquiring and holding recreational property in Ontario prior to April 10, 1974 -					
Cost of property (20% land transfer tax not applicable)		\$20,000	30,000	40,000	50,000
Assumed annual carrying costs (deductible for U.S. tax purposes)-					
Loan interest and property taxes, as in Case A	\$	1,121	1,732	2,343	2,904
Less U.S. income tax savings attributable to deduction thereof		213	381	619	881
After-tax cost	\$	908	1,351	1,724	2,023

	<u>Salary income of purchaser</u>			
	<u>\$13,000</u>	<u>18,000</u>	<u>25,000</u>	<u>30,000</u>
Carrying costs expressed as a percentage of Ontario resident's costs (Case A)	81.0	78.0	73.6	69.7*
<hr/>				
Case C: U.S. resident, subject to 20% land acquisition tax				
<hr/>				
Cost to United States resident of acquiring and holding recreational property in Ontario after April 9, 1974-				
Cost of property -				
Purchase price	\$20,000	30,000	40,000	50,000
20% land transfer tax	4,000	6,000	8,000	10,000
Total cost	<u>\$24,000</u>	<u>36,000</u>	<u>48,000</u>	<u>60,000</u>
<hr/>				
Annual carrying costs -				
after-tax cost of purchase loan interest and property taxes, per Case B	\$ 908	1,351	1,724	2,023
<hr/>				
Add -				
Average annual interest on loan acquiring to pay transfer tax	308	460	614	767
Less -				
U.S. income tax savings attributable to deduction thereof	59	101	153	215
	<u>249</u>	<u>359</u>	<u>461</u>	<u>552</u>
<hr/>				
Add -				
Amortization of cost of land transfer tax over 10 years	400	600	800	1,000
	<u>649</u>	<u>959</u>	<u>1,261</u>	<u>1,552</u>
Total after-tax cost	<u>\$ 1,557</u>	<u>2,310</u>	<u>2,985</u>	<u>3,575</u>
<hr/>				
Carrying costs expressed as a percentage of Ontario residents costs (Case A)	1.389	1.334	1.274	1.231*
<hr/>				

* Note: Based on additional calculations made by us, it would appear that these percentages would be essentially the same at the indicated income levels for carrying costs on properties with a wide variation in cost.

As noted in the following pages, it has been assumed for the purposes of Case C that the U.S. resident will borrow the full amount of funds required to pay the land transfer tax (or will forego a like amount of interest income, if the tax is paid from savings), and will amortize the cost of the tax over a ten-year period; this basic assumption was made in order that the full cost of the tax could be reflected in his annual carrying costs on an assumed 10 year amortization period. It should be noted that the comparison of the after-tax carrying costs of owning a recreational property are affected by the period over which it is considered that the U.S. resident will amortize the burden of the 20 percent Ontario Land Transfer Tax included in his purchase cost of the cottage. If it is assumed that it is reasonable to amortize this tax over a twenty year period of ownership instead of a ten year period (even though the financing of the cost of the tax remains set at 10 years), then the total after-tax carrying costs of a U.S. resident in Case C expressed as a percentage of the Ontario resident's costs would be as follows:

<u>Salary income of purchaser</u>			
<u>\$13,000</u>	<u>\$18,000</u>	<u>\$25,000</u>	<u>\$30,000</u>
1.211	1.161	1.103	1.059
<u> </u>	<u> </u>	<u> </u>	<u> </u>

The impact of the 20% Ontario Land Transfer Tax on U.S. residents clearly reduces as income increases so that the tax has a relatively heavier impact on lower income U.S. residents. This is because the tax savings attributable to the deductible carrying costs will increase as the marginal rate of U.S. income tax increases. In fact, based on the assumptions in Case C it would appear that a U.S. resident in the 50% tax bracket (i.e. taxable income of over \$52,000, if filing a joint return) would still have slightly lower after-tax carrying costs than

his Ontario counterpart even if he was subject to the transfer tax. Using the purchase of a \$50,000 cottage as an example, this can be illustrated as follows:

Carrying costs of U.S. resident -

Total tax deductible carrying costs-	
Purchase loan interest and property taxes	\$2,904
Interest on loan acquired to pay land transfer tax	<u>767</u>
	\$3,671
Less tax savings attributable thereto at 50%	<u>1,836</u>
Net cost after taxes	1,835
Add -	
Amortization of land transfer tax over 10 years	<u>1,000</u>
Total after-tax carrying cost	<u>\$2,835</u>
Carrying costs of Ontario counterpart (Case A)	<u>\$2,904</u>

The same situation holds true in the case of the other examples set out in Case C.

These calculations have been of necessity based on some rather arbitrary assumptions (with which the Task Force has concurred), and hence can only be regarded as an estimate of the comparative costs of owning recreation property in Ontario based on the validity of these assumptions. Furthermore, it should be noted that the estimates herein do not reflect the possible impact of capital gains taxes on a future disposition of the recreation property; the tax position of an Ontario resident vis-a-vis his United States counterpart on such a disposition could vary significantly.

We trust that the estimates and comments thereon will be of assistance to the Task Force, but if we can provide any additional information we shall be glad to be of help.

PROVINCE OF ONTARIO COTTAGE STUDY

ASSUMPTIONS USED IN CALCULATIONS

1. Levels of income, cottage purchase prices and annual property taxes were assumed to be as follows:

<u>Salary income of purchaser</u>	<u>Purchase price*</u>		<u>Estimated annual property taxes</u>
	<u>Without land transfer tax</u>	<u>With 20% land transfer tax</u>	
\$13,000	\$20,000	\$24,000	\$200
18,000	30,000	36,000	350
25,000	40,000	48,000	500
30,000	50,000	60,000	600
<u> </u>	<u> </u>	<u> </u>	<u> </u>

* This range of purchase prices would appear to reflect the current price that would have to be paid for an "average" cottage (i.e. two or three bedrooms with 100-200 feet of frontage on the water). Based on information obtained from real estate dealers in these countries, such properties might cost from \$25,000 to \$40,000 in a place like Essex County and from \$20,000 to \$30,000 in such places as Algoma County; however, in both areas prices vary widely depending on many factors, such as location of the property and services available, and hence it is difficult for dealers to quote an "average" price.

Similarly, although exact figures could not be obtained, real estate dealers indicated that the estimated property taxes shown above would be representative for properties in the particular price ranges and areas selected.

2. It was assumed that the basic purchase price (excluding the 20% tax, if applicable) would be financed as follows:

40% cash down payment

60% by way of a loan - interest payable at 13% per annum (compounded semi-annually), to be amortized over an arbitrarily selected period of ten years.

In addition, it was assumed that the United States resident would borrow the full amount required to pay the 20% land transfer tax, and that the loan would have terms similar to those outlined above. (This assumption was made in order to allow the full cost of the tax - including interest paid or foregone - to be included

in the U.S. resident's annual carrying costs on the basis of a ten year amortization.)

Amounts borrowed, and average annual interest costs, can be summarized as follows:

	<u>Ontario resident</u>		<u>U.S. resident (after April 9, 1974)</u>			
	<u>Total</u>	<u>Average</u>	<u>Amount to be borrowed</u>			<u>Annual</u>
<u>Basic</u>	<u>loan</u>	<u>annual</u>	<u>Basic</u>	<u>Land</u>		<u>annual</u>
<u>purchase</u>	<u>(60%)</u>	<u>interest</u>	<u>purchase</u>	<u>transfer</u>		<u>interest</u>
<u>price</u>		<u>cost at 13%</u>	<u>price (60%)</u>	<u>tax (20%)</u>	<u>Total Loan</u>	<u>cost at 13%</u>
20,000	\$12,000	921	\$12,000	4,000	16,000	1,229
30,000	18,000	1,382	18,000	6,000	24,000	1,842
40,000	24,000	1,843	24,000	8,000	32,000	2,457
50,000	30,000	2,304	30,000	10,000	40,000	3,071
=====	=====	=====	=====	=====	=====	=====

3. The U.S. and Canadian dollar have been taken at par of exchange.

4. Assumptions used in computing the after-tax income of the U.S. resident (for purposes of calculating the after-tax cost to him of carrying the cottage) are as follows:

- (a) The U.S. resident is married, has three dependent children and files a joint U.S. federal income tax return.
- (b) It is assumed that he claims itemized deductions (before cottage carrying costs) equal to the statistical average itemized deductions (as compiled by the U.S. Internal Revenue Service) claimed in 1970 by all U.S. taxpayers in his particular income bracket who itemized deductions in 1970. (1970 is the latest taxation year for which these statistics are available.)
- (c) In computing after-tax income, recognition has been given to the "average" rate of state income tax that might be payable by him. Some states in the United States levy no income tax, while other states, such as New York and Wisconsin, impose relatively heavy income taxes; the States of Michigan and Ohio levy substantially lower income taxes than New York or Wisconsin.

The use of an average rate of state tax (rather than making specific assumptions as to the individual's particular state of residence) has no significant effect on the calculation of the after-tax carrying costs of the cottage to the U.S. resident.

- (d) Although no ruling has yet been issued by the U.S. Internal Revenue Service, it appears that the Ontario land transfer tax will not be deductible in computing taxable income for U.S. tax purposes; it is likely that the amount of tax will be added to the cost of the property for purposes of computing the gain or loss on a future disposition of the property. Accordingly, only the interest element of the loan acquired for payment of the transfer tax has been treated as a tax-deductible carrying cost of the cottage.

HG	Ontario. Interministerial
5160	Task Force on Foreign
.05	Ownership of Agricultural
.057	and Recreational Land in
	Ontario.

Report.

